

**NOMINATIONS OF: SHEILA C. BAIR
MARK B. McCLELLAN, MELODY H. FENNEL
MICHAEL M.F. LIU, HENRIETTA HOLSMAN FORE
LINDA MYSLIWY CONLIN & MICHAEL J. GARCIA**

**HEARINGS
BEFORE THE
COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
ONE HUNDRED SEVENTH CONGRESS**

FIRST SESSION

ON

NOMINATIONS OF:

SHEILA C. BAIR, OF KANSAS, TO BE ASSISTANT SECRETARY OF THE
TREASURY FOR FINANCIAL INSTITUTIONS

MARK B. MCCLELLAN, OF CALIFORNIA, TO BE A MEMBER OF THE
COUNCIL OF ECONOMIC ADVISERS

MELODY H. FENNEL, OF VIRGINIA, TO BE ASSISTANT SECRETARY
FOR CONGRESSIONAL AND INTERGOVERNMENTAL RELATIONS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

MICHAEL MINORU FAWN LIU, OF ILLINOIS, TO BE
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HENRIETTA HOLSMAN FORE, OF NEVADA, TO BE DIRECTOR OF THE U.S. MINT

LINDA MYSLIWY CONLIN, OF NEW JERSEY, TO BE ASSISTANT
SECRETARY OF COMMERCE FOR TRADE DEVELOPMENT

MICHAEL J. GARCIA, OF NEW YORK, TO BE ASSISTANT SECRETARY OF
COMMERCE FOR EXPORT ENFORCEMENT

JULY 12 AND 26, 2001

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C O N T E N T S

THURSDAY, JULY 12, 2001

	Page
Opening statement of Chairman Sarbanes	1
Opening statements, comments, or prepared statements of:	
Senator Dodd	4
Senator Enzi	5
Senator Stabenow	5
Senator Gramm	10
Senator Miller	11
Senator Carper	11
Senator Ensign	14
Senator Bennett	16

WITNESS

Pat Roberts, a U.S. Senator from the State of Kansas	2
--	---

NOMINEES

Sheila C. Bair, of Kansas, to be Assistant Secretary of the Treasury for Financial Institutions	6
Prepared statement	19
Biographical sketch of nominee	20
Mark B. McClellan, of California, to be a Member of the Council of Economic Advisers	7
Biographical sketch of nominee	28

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

Letter to Senator Paul S. Sarbanes from former Senator Bob Dole in support of Sheila C. Bair, dated July 11, 2001	39
--	----

THURSDAY, JULY 26, 2001

Opening statement of Chairman Sarbanes	41
Opening statements, comments, or prepared statements of:	
Senator Akaka	43
Senator Reed	44
Senator Allard	48
Senator Corzine	50
Senator Ensign	63

WITNESS

Kay Bailey Hutchison, a U.S. Senator from the State of Texas	46
--	----

NOMINEES

Melody H. Fennel, of Virginia, to be Assistant Secretary for Congressional and Intergovernmental Relations, U.S. Department of Housing and Urban Development	45
Prepared statement	63
Biographical sketch of nominee	64

IV

	Page
Michael Minoru Fawn Liu, of Illinois, to be Assistant Secretary for Public and Indian Housing, U.S. Department of Housing and Urban Development .	46
Prepared statement	69
Biographical sketch of nominee	70
Henrietta Holsman Fore, of Nevada, to be Director of the U.S. Mint	54
Prepared statement	78
Biographical sketch of nominee	79
Linda Mysliwy Conlin, of New Jersey, to be Assistant Secretary of Commerce for Trade Development	55
Prepared statement	87
Biographical sketch of nominee	89
Response to written questions of Senator Reed	105
Michael J. Garcia, of New York, to be Assistant Secretary of Commerce for Export Enforcement	56
Prepared statement	95
Biographical sketch of nominee	96

NOMINATIONS OF:
SHEILA C. BAIR, OF KANSAS
TO BE ASSISTANT SECRETARY OF THE
TREASURY FOR FINANCIAL INSTITUTIONS
AND
MARK B. McCLELLAN, OF CALIFORNIA
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COUNCIL OF ECONOMIC ADVISERS

THURSDAY, JULY 12, 2001

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10:05 a.m., in room SD-538 of the Dirksen Senate Office Building, Senator Paul S. Sarbanes (Chairman of the Committee) presiding.

OPENING STATEMENT OF CHAIRMAN PAUL S. SARBANES

Chairman SARBANES. Let me call our hearing to order.

The Committee has two items of business. First, we have five nominees that we want to report out to the floor of the Senate. And once we have a quorum here, we will proceed to do that. We are in the process of trying to gather a quorum and at the appropriate time, I will make a motion with respect to those nominees.

Second, we are going to begin our hearing this morning on the additional nominations submitted by the President to the Senate. Sheila Bair, to be the Assistant Secretary for Financial Institutions in the Department of the Treasury; and Mark McClellan, to be a Member of the Council of Economic Advisers.

Before turning to that, I just want to take a moment to welcome Senator Akaka to the Committee. We are very pleased that he has come aboard as a Member of this Committee. He has been a very distinguished Member of the Senate since 1990, and I know he has had an interest in this Committee for some time and we are very pleased, Dan, that you are joining us.

Welcome to the Committee.

I think before I make a statement, I would simply turn to our colleague, Senator Roberts, who is here. I know he has some other commitments and he wants to make an introduction.

Pat, we would be happy to receive your introduction at this point.

**STATEMENT OF PAT ROBERTS
A U.S. SENATOR FROM THE STATE OF KANSAS**

Senator ROBERTS. Thank you, Mr. Chairman.

There is no other more important commitment that I have than to be supportive and give testimony on behalf of my very good friend and our nominee from Kansas, Sheila Bair.

Mr. Chairman, I am a poor but very proud substitute for Senator Bob Dole, who is recuperating from surgery and doing fine, thank you. I know that you will have some statements to read from Bob's statement of support for Sheila as well.

Therefore, it is my very great pleasure to speak on behalf of the nomination as Assistant Secretary of the Treasury for Financial Institutions, Sheila Bair.

Sheila is a native Kansan. She, along with her mentor, and mine, and I am speaking of Senator Dole, we think represent the values of our home State. And those values are a strong work ethic, which she certainly has, and a commitment to common sense. We think her nomination really continues the Kansas tradition of offering outstanding individuals to serve our Government.

Many in Bob's office have certainly gone on to do that and they have served all the Federal agencies and our country well.

Her career path is an ideal one for the position for which she is nominated. She has a strong background in Government service and an impressive resume in the financial services industry.

After earning a law degree from the University of Kansas, home of the fighting and optimistic Jayhawks, Sheila began her civil service career as an attorney for the then-Department of Health, Education and Welfare, now HHS. She later served as Counsel to Senator Dole and as Commissioner for the Commodity Futures Trading Commission. She did that job very well.

As Senior Vice President for Government Relations at the New York Stock Exchange, Ms. Bair gained valuable experience and understanding of our country's financial markets.

As Assistant Secretary, we think that she will oversee policy development, as well as the coordination of the Treasury's legislative and regulatory issues for our country's financial institutions and the Federal agencies that certainly regulate them.

We believe her wealth of experience in both Government and the financial services industry makes her an excellent choice.

She has been a regulator. She has been a policymaker and a member of the financial services industry.

Sheila has written extensively on financial, regulatory, and policy issues and she understands the complexities of our country's monetary system, as well as the challenges of Government service.

So as we continue the implementation of what we call the Gramm-Leach-Bliley and examine the issues such as financial privacy and deposit insurance reform, it is critical, Mr. Chairman, to have individuals like Sheila who can help develop and implement the policies for our financial institutions and our regulatory agencies that reflect the intent of Congress.

I am pleased to recommend her, a fellow Kansan, a friend, as the Assistant Secretary of the Treasury for Financial Institutions.

Sheila, I wish you the best. I encourage a speedy confirmation, Mr. Chairman, of her nomination, and Bob and I stand in full sup-

port of the nomination. I appreciate so much the privilege and honor of being here.

Thank you, Mr. Chairman.

Chairman SARBANES. Thank you very much, Senator Roberts. We appreciate your coming and your statement. You certainly may be excused because I know you have other commitments.

Following up on Senator Roberts' statement, I have received a letter from Bob Dole indicating his regrets that he was not actually able to be with us, although he is doing fine, I understand. He submitted a statement which I will have included in the record.

Without objection, it is so ordered.

I will just quote a couple of paragraphs from it:

In Sheila Bair, the President has chosen a talented and dedicated individual, someone well-suited to lead the operation and regulation of financial institutions, and the promotion of consumer access and protection in financial services. I am proud to offer my strong support for this nomination.

And later on, our former colleague says:

As I am sure many of you can recall, she was an irreplaceable member of my staff, someone who I had every confidence in, who I counted on for advice and analysis, and she never failed me in this role.

For the sake of time, I will not go on and quote the balance of it, but it is, as one can assume, a very laudatory statement and we will include that in the record.

Let me just say at the outset that we are very pleased to have these two nominees before us, one for a very important position in the Treasury and the other to help round out the membership of the Council of Economic Advisers.

Pat Roberts has given a lot of the resume of Sheila Bair, but let me say that she has devoted a good deal of her professional career to Federal Government service and the other part of it, in a sense, working in the financial services industry.

She was an attorney in the Department of Health, Education and Welfare, the Department of Education. She worked with Bob Dole on his Senate staff, as Counsel in the Senate Judiciary Committee, later as Deputy Counsel to the Majority Leader. Then, as one might anticipate, she worked on the Dole For President campaign.

From 1991 to 1995, she served as a Commissioner on the Commodities Future Trading Commission, including a period as Acting Chairman.

From 1995 on, she has worked at the New York Stock Exchange, first as Senior Vice President for Government Regulations and currently, as a Consultant to the Chairman of the Stock Exchange, Dick Grasso.

She has been active in a number of professional groups—the American Bar Association, the Economic Club, Women in Housing and Finance, on the Board of the National Women's Law Center, and the Kansas University School of Law.

She has written extensively on a number of matters in the financial field, including derivative products and their regulation.

The position to which she has been nominated, of course, plays a vital role in making quality financial services available to all Americans and strengthening the financial service systems.

She brings a very distinguished and varied background to this nomination. As Senator Roberts has indicated, she is well known and respected by Members, I think, on both sides of the aisle.

Mr. McClellan has an exceptional background for nomination as a Member of the Council of Economic Advisers. He received an undergraduate degree from the University of Texas—a lot of Texas flavor to these nominees that are coming through here nowadays.

[Laughter.]

Senator DODD. We have never seen that before.

Chairman SARBANES. No.

[Laughter.]

A Master's of Public Affairs from Harvard in 1992; a medical degree from Harvard in 1992; and, a Ph.D. in Economics from MIT in 1993. So, Mr. McClellan comes with both medical credentials and economic credentials.

He was a Research Associate at Harvard Medical School's Department of Health Care Policy from 1991 to 1995. And since then, he has been at Stanford University as a Professor in the Department of Economics and in the Department of Medicine.

Actually, he took a leave from Stanford in 1998 and 1999, to serve as Deputy Assistant Secretary for Economic Policy at the Treasury Department.

As one would expect, he has written extensively on the economics of health care, which I gather will be a prime responsibility of his at the Council of Economic Advisers.

So, I am pleased to welcome both of these nominees before us this morning. And before I turn to them, I will yield if there are any other Members of the Committee who would like to make a statement.

Senator Dodd.

COMMENTS OF SENATOR CHRISTOPHER J. DODD

Senator DODD. Mr. Chairman, very, very briefly. First of all, our congratulations to the nominees before us this morning. But I wanted to commend you, Mr. Chairman. I note that after we get a quorum here, we have five nominees who will be voted on later this morning. And the two nominees here, the pace at which we are moving, I know that Chairman Sarbanes subscribes to the notion that the Executive Branch ought to have its personnel in place.

As a matter of fact, all of us do here.

I know there has been some press recently about the pace of the confirmation process. Occasionally, there are nominations that cause some difficulties. That is not the case, obviously, with our two nominees here, nor the ones we will be voting on later this morning. We are going to move as quickly as we can.

I just commend you, Mr. Chairman, for the pace and the time of all of this. I know that all of us on the Committee are anxious to be here and to support you in that effort to get these nominations through and to see to it that the Administration has the people that they need to have in place in order to get the job done. So, I wanted to make that point, if I could, to you.

Chairman SARBANES. Well, I appreciate that very much. I might ask the staff if they could sort of get in touch with their principals.

We have seven. We need 11. If we can rustle up four more. I am not sure that rustle up is the right language.

[Laughter.]

Senator DODD. We Democrats want to help this Republican Administration get on with it and get going here.

[Laughter.]

I count six of us over here.

I want to commend our two nominees. Sheila Bair I knew during her years with Bob Dole.

Let me just say, I thank both of you for doing this. We do not thank people enough, in my view, for a willingness to be a part of the public sector and go through a process such as this where backgrounds are explored and examined microscopically. It takes too long, in my view, it is too painful for people, in many cases. I just have the highest admiration for people who are willing to do this. Both of you have done it in the past. You have served in the past, and your willingness to step up again is to be commended.

You both have wonderful backgrounds and credentials. I know that all of us up here will be looking forward to working with you as these matters come before us.

I thank you both for your willingness to serve. It is appreciated very, very much.

Thank you, Mr. Chairman.

Chairman SARBANES. Senator Enzi.

COMMENTS OF SENATOR MICHAEL B. ENZI

Senator ENZI. I just want to thank you for holding this hearing and for the way that you are conducting the Chairmanship. I very much appreciate it. I have always enjoyed working with you.

Chairman SARBANES. Thank you very much.

Anybody else have any statements?

Senator DODD. Welcome, Dan.

Chairman SARBANES. I indicated that.

Senator DODD. It is hard to see you down there.

[Laughter.]

It is almost like being in Hawaii down there.

[Laughter.]

Chairman SARBANES. Jon Corzine really feels elevated, though, by this development.

[Laughter.]

Senator Stabenow.

COMMENT OF SENATOR DEBBIE STABENOW

Senator STABENOW. Mr. Chairman, in fact, I was going to add, I feel so much more senior today than I did last week.

[Laughter.]

Chairman SARBANES. Could I ask the two nominees to stand and take the oath?

Do you swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McCLELLAN. I do.

Ms. BAIR. I do.

Chairman SARBANES. Do you agree to appear and testify before any duly-constituted committee of the U.S. Senate?

Mr. McCLELLAN. I do.

Ms. BAIR. I do.

Chairman SARBANES. Thank you very much.

Ms. Bair, why don't we begin with your opening statement?

**STATEMENT OF SHEILA C. BAIR, OF KANSAS
TO BE ASSISTANT SECRETARY OF THE
TREASURY FOR FINANCIAL INSTITUTIONS**

Ms. BAIR. Thank you, Chairman Sarbanes, and Members of the Committee. I am very pleased to have this opportunity this morning to discuss my nomination to be the new Assistant Secretary for Financial Institutions at the Treasury Department.

After hearing Senator Roberts' kind remarks and those quoted from Senator Bob Dole, as well as your kind remarks, Chairman Sarbanes, I am tempted to quit while I am ahead and just leave it at that. But I do have a brief statement I would like to make.

Before I do anything, I would like to introduce the members of my family who are here with me—Scott Cooper, my husband, and my 8-year-old son, Preston. I also have a 17-month-old daughter, Colleen, who is roaming the halls with our au pair. I am afraid that she did not quite make it through the introductions, but I am very glad that they could all be here with me today for this very special occasion.

Chairman SARBANES. We are very pleased to have them here.

Ms. BAIR. Thank you, Senator.

I would like to begin my statement by expressing my deep appreciation to President Bush for nominating me to this important position. I am honored by the confidence the White House has shown in me by naming me to this post and I will work hard to justify that confidence. I would also like to thank Secretary O'Neill, Deputy Secretary-Designate Ken Dam, and Under Secretary-Designate Peter Fisher for the support they have provided for my nomination. I look forward to having the privilege of working with them and the rest of the impressive team that the President has assembled, and the career staff at the Treasury Department.

Next, I would like to thank Senator Dole for his support and help on this nomination, and all the support, advice, and mentoring he has provided me over the past two decades. I know he wanted to be here this morning and I wish him a full and speedy recovery from his recent surgery, as I know we all do.

Working for Senator Dole early in my career, I was able to learn all the best things about being in public service. In the tradition of two other great Kansans, William Allen White and Dwight D. Eisenhower, Senator Dole's leadership in the Senate reflected the common sense values and pragmatic idealism so steeped in the politics of Middle America. From him, I learned that Government has a special obligation to use American taxpayers' dollars wisely and sparingly, wisdom that will serve me well at the Department of the Treasury, whose job I believe, first and foremost, is to protect taxpayers' funds from imprudent risk and wasteful expenditure. Senator Dole also taught me, however, that Government has a special obligation to help society's less fortunate and those programs to

help the poor and the disadvantaged, if carefully targeted and efficiently managed, can constitute a wise and a noble use of taxpayer's funds.

I come to you today with over a decade of experience working in public service, ranging from my first job as a civil rights attorney for the old Department of Health, Education and Welfare, to my 5 years of service to this august body on the staff of Senator Dole, to over 4 years as a Commissioner on the Commodity Futures Trading Commission, where I served as Chairman of the CFTC's Financial Products Advisory Committee, and for a while, as Chairman Sarbanes has indicated, as the Acting Chairman of the entire Commission.

I have nearly 12 years of experience working with the financial markets, combining my years at the CFTC, with over 7 years with the New York Stock Exchange, and 5 years as Senior Vice President of Government Relations. My blend of experiences with the NYSE and CFTC has given me valuable insights into the financial regulatory/policymaking process from the perspective of both the regulator and the regulated. It has also given me a broad-based understanding of the workings of financial markets and the financial institutions, which participate in them.

I have a full statement I would like to submit for the record, but, again, just let me thank President Bush and than you, Chairman Sarbanes, for convening this hearing.

These are very exciting times in the financial services industry and I very much look forward to working with this Committee and others once confirmed by the Senate.

Thank you.

Chairman SARBANES. We will include the full statement in the record. Thank you very much for your opening statement.

Mr. McClellan.

**STATEMENT OF MARK B. McCLELLAN
OF CALIFORNIA, TO BE A MEMBER OF THE
COUNCIL OF ECONOMIC ADVISERS**

Mr. McCLELLAN. Mr. Chairman, and Members of the Committee, thank you very much for the opportunity and the honor of appearing here today and for taking the time for the prompt consideration of my nomination to the Council of Economic Advisers.

I will start by introducing my wife, Stephanie McClellan. She is in the second row here.

I am afraid to say that I was not quite as courageous as Ms. Bair. Our 2-year-old twins, Ellie and Alex, are at home instead of roaming the halls. But they have enjoyed the move to Washington.

Chairman SARBANES. I am sure you will tell them what they missed.

[Laughter.]

Mr. McCLELLAN. That is right, all the excitement.

[Laughter.]

I also want to thank the President for the honor and trust he has put in me with this nomination and reaffirm my commitment to upholding the standards of the Council of Economic Advisers.

Mr. Chairman, as you well know, careful economic analysis and the integration of the latest and best academic thinking into policy-

making only can be to the good for all of the difficult issues that we confront in dealing with the economic challenges facing the country. In that respect, the Council of Economic Advisers has a critical role. It represents in the Administration the interface of academic research and real-world policymaking. And as such, it is not a responsibility to be taken lightly.

Too often in many difficult political issues, it is easy to take a political route rather than the often more thoughtful and difficult course to make sound, long-range policy decisions. But on the other side, too often, academics are removed from the realities of policymaking and all of the intricacies that must be considered in the difficult issues that we face.

The Council of Economic Advisers has a long and storied history of overcoming these barriers and providing the kind of link between valuable policy insights from academia and the opportunities to actually implement them in real-world policymaking, as you well know, from your own background with the Council of Economic Advisers.

It will be an honor and a pleasure if I have the opportunity to continue that tradition by working on the broad range of issues that come before the Council.

Thank you very much for the opportunity to appear here today. Chairman SARBANES. Thank you very much.

Mr. McClellan, let me ask you. We are reading a tremendous amount in the press nowadays about the state of the economy. How do you see it? Where is it and where is it heading?

Mr. MCCLELLAN. Obviously, Mr. Chairman, the rate of economic growth in the economy today is not as good as it should be. We think that the economy is not in recession. I think the consensus forecasts at this point are still for growth in 2001 of approximately 1.6 percent and perhaps more.

We think that continued careful and sound monetary policy decisions, as well as fiscal policy decisions, can help bring the economic growth rate back up to a higher level that I know we would all like to see.

To that end, the recent tax cut enacted by this Congress is expected to have an effect on boosting economic growth this year of about 1 percent of GDP and hopefully will have some long-lasting effects beyond that.

The advice on helping to steward the economy is obviously one of the most important roles of the Council of Economic Advisers. Chairman Glenn Hubbard and all of the Members take that responsibility very seriously and we will continue to provide whatever advice we can to the President in making policy to improve our economic function.

Chairman SARBANES. Ms. Bair, Chairman Greenspan and former Treasury Secretary Summers each have expressed a concern regarding the issue of our Nation's financial literacy and education. It is a concern of mine and Senator Corzine has already undertaken a leadership role in attempting to promote financial literacy. And I understand that it is also a high priority of Senator Akaka, who has just joined our Committee and, indeed, of many Members of this Committee.

Is this an area of interest to the Administration? And do you have any thoughts on how we can work together and what might be done to improve our Nation's financial literacy?

Ms. BAIR. Thank you, Mr. Chairman, because I also have a very strong commitment to financial education.

My personal view is that with more and better financial education at much earlier ages, a lot of the regulatory problems and consumer abuses that we see, unfortunately, from time to time, could be eradicated. That is not to say that financial literacy is an end-all, but it is an important complement to any comprehensive regulatory policy to protect consumers in the delivery of financial services.

Yes, my sense is, I have been a consultant for the past 4 weeks at the Treasury Department and I am not in an official capacity to speak for the Administration, but sense certainly that this is a very high priority, at the highest levels of the Administration.

I think we need a comprehensive approach and I think that those educational efforts must include, consistent with Senator Corzine's leadership, more and better financial education programs in the schools. Certainly at the high school level, perhaps sooner.

As I think Chairman Alan Greenspan has suggested, even at the elementary level, certain basic economic concepts, children are capable of grasping and more aggressive efforts should be made to introduce them to those concepts at an earlier age.

Chairman SARBANES. A few weeks ago, *The Washington Post* ran an article that said: "Identity theft is one of the Nation's fastest-growing white-collar crimes." What additional efforts should be taken to prevent this practice and, more broadly, how important an issue is the protection of an individual's financial privacy to the Administration?

Ms. BAIR. Well, again, I am not in a position to speak for the Administration.

On the first question, on the question of identity theft, I would agree. I think it is a growing problem. Technology has brought wonderful innovations in the delivery of financial services and wonderful enhancements in the services and the products available to consumers. The downside is it has provided the means for fairly widespread dangers of identity theft to the detriment of the consumers that technology also serves. So, we need a very concentrated effort, a very focused effort. I think it should be a very high priority.

On the broader question of financial privacy, it is interesting. To the extent that that debate involves the very important issue of consumers' rights to access financial data that is being held for them, I think we need to be careful to balance that since it involved on-line access with the first issue you raised, identity theft, and how we balance those two issues.

On the broader issue of financial privacy, we have the important provisions for the Gramm-Leach-Bliley bill. We need to gather greater experience, I think, under those provisions.

I, for one, was somewhat disappointed in the quality of the disclosures that some financial firms recently submitted pursuant to those sent out to their consumers consistent with the requirements

of Gramm-Leach-Bliley. On the other hand, I think a number of financial services firms did a very good job.

The statutory standard, however, is clear and conspicuous. And I think that gives the regulators adequate authority to deal with that discrete part of the problem.

There are obviously broader remaining issues. People of goodwill still debate whether you should opt in or opt out in terms of information sharing, the ability of a firm to share information with unrelated third parties.

I know that this is of interest to you and I look forward to continuing to work with you and Senator Gramm on those important policy questions.

Chairman SARBANES. Thank you very much. I see my time is up. Senator Gramm.

STATEMENT OF SENATOR PHIL GRAMM

Senator GRAMM. Mr. Chairman, thank you. Let me apologize to everybody for being late. I was at the White House with the President when he announced his Medicare prescription drug initiative. Mark McClellan has been very instrumental in putting that together. Let me begin by congratulating him on that.

Mr. Chairman, I know both of these nominees very well. I knew Sheila Bair when she was Commissioner of the Commodity Futures Trading Commission, from her work with the New York Stock Exchange, and when she worked for Senator Dole. It is hard to call up the name of anyone who has had as extensive experience in the public and private sector as Sheila Bair.

I want to congratulate the President on nominating her, and I strongly support her and look forward to working with her.

Ms. BAIR. Thank you, Senator.

Senator GRAMM. Let me say with regard to Mark McClellan, that I think demonstratively he is one of the best-educated people on the planet.

[Laughter.]

How many people have both an M.D. degree from Harvard and a Ph.D. from MIT? My only sadness at his being here is that he was going to Texas A&M on a joint appointment with the Economics Department prior to President Bush convincing him to come to Washington.

Chairman SARBANES. He was leaving Stanford to go to Texas A&M?

Senator GRAMM. Yes. Of course.

[Laughter.]

I think I should, in all fairness, add that that is going home. Mark's mama is one of my closest political allies. She is the Comptroller in our State, and Mark is from one of our State's most distinguished and talented families. It is certainly encouraging, Mr. Chairman, when people with Mark McClellan's ability are willing to take time out of their career to come and serve the country in a position that gets very little attention and that, in most cases, gives you a marginal opportunity to have an input.

And again, as I have said on many occasions and I know, Mr. Chairman, that you agree with me, it is a great testament to our country that we have so many good people who are willing to serve

in so many different capacities. It is the greatest strength of our system that we are able to call forth the best and the brightest to serve the country—and they are willing to do it. It is kind of amazing to me, but it is true. That is certainly true with both of our nominees here today, and I want to thank them for their willingness to serve.

Chairman SARBANES. Senator Miller.

COMMENT OF SENATOR ZELL MILLER

Senator MILLER. Thank you, Mr. Chairman, but I have no questions at this time.

Chairman SARBANES. Senator Enzi.

Senator ENZI. I also want to thank both of you for your willingness to serve. I am a little bit more familiar now with all of the paperwork that you have had to go through, including the process and meeting all of the people. I am pleased that I had an opportunity to look through some of the materials that you provided. I have some questions for later about the Basel capital standards rule and the know-your-customer regulation.

As you all know, the Senate soundly defeated the know-your-customer rule the last time it came up because it conflicted with personal rights that are guaranteed by the Constitution.

We will be exploring that with you later. But, again, congratulations on your appointments and we look forward to working with both of you.

Chairman SARBANES. Thank you very much.

Senator Carper.

COMMENTS OF SENATOR THOMAS R. CARPER

Senator CARPER. Dr. McClellan, I had been prepared to support your nomination until I heard the disclosures about your mom and Senator Gramm.

[Laughter.]

I will have to look at this one more closely.

[Laughter.]

I just want to thank you both for going through this process and for your willingness to serve our country. Having gone through a Senate nomination process myself when I was Governor and nominated for the Amtrak Board of Directors, I have some idea of what you had to go through in terms of disclosures. It is just not much fun and I thank you for just getting to this point.

Dr. McClellan, did you serve in the Clinton Administration?

Mr. MCCLELLAN. Yes, sir, that is correct.

Senator CARPER. In what capacity?

Mr. MCCLELLAN. I was a Deputy Assistant Secretary of the Treasury for Economic Policy. It is a position that is involved in providing advice and policy guidance to the Secretary of the Treasury on economic issues. My particular responsibilities focused on microeconomic issues, including health care and Social Security, issues like that.

Senator CARPER. Did I understand that you have had your hand in the development of the President's prescription drug proposal?

Mr. MCCLELLAN. Yes. I have been advising the Administration on economic issues related to health care for some time.

Senator CARPER. All right. Well, that is good. You have had a foot in both camps, sort of like Norm Mineta.

Mr. MCCLELLAN. Trying to get some bipartisanship enacted in policy.

Senator CARPER. That is what some of us are doing, too. Terrific. We look forward to supporting your nomination.

Thank you both very much for being here. And maybe at another time, we will have an opportunity to talk about Medicare reform.

Thank you. Good luck.

Mr. MCCLELLAN. Thank you.

Chairman SARBANES. I have just a couple of questions I want to ask, and then I think we can probably draw the hearing to a close.

Mr. McClellan, I had a talk with Secretary Evans, the Secretary of Commerce, the other day about Federal statistics and support for the various statistical agencies. It is an issue in which he is quite interested, I am very pleased to say.

I just want to get this on the Council's radar screen. The Council of Economic Advisers on occasions in the past has played a leading role in trying to ensure adequate resources for the various Federal statistical agencies, recognizing, of course, that we make lots of decisions on the basis of those statistics and that, therefore, timely and relevant and accurate statistical information is an important part of good policy formulation.

Michael Boskin, interestingly enough, when he was Chairman of the Council, had this as quite a high priority. He really made a major effort. We would like to see the Council involve itself in that and now that we have the Secretary of Commerce, who has jurisdiction over some of the statistical agencies, although, not all of them because the Bureau of Labor Statistics is outside that jurisdiction, as are some of the health and education statistics. Do you have any view on this issue of the statistical information?

Mr. MCCLELLAN. Yes, sir. Good statistical information, prepared in a timely and accurate fashion, is of crucial importance to guiding policymaking on a whole host of economic issues.

As you mentioned, getting better statistics is a high priority of the Secretary of Commerce. I have had a number of discussions with Kathleen Adams at the Commerce Department, who oversees many of the statistical collection activities related to productivity and industrial output.

I have also had the opportunity to participate in some ongoing activities with the Bureau of Labor Statistics and the Department of Labor to try to improve employment and other statistics. And as a result of my background in health economics, I have been long involved in the analysis and the improvement of statistics in the health sector, everything from hospital market baskets to the analysis of trends in expenditures. One of the particular areas where I think we can and need to do better is in the measurement of economic output in the service sector.

The health care industry is a good example of the problems there. It is fairly easy to measure how many visits people have to the doctor and how much those visits cost. It is much harder to measure the actual output of those kinds of services—what is the contribution of a visit to the doctor or hospital stay to the well-being of the population and to the productivity of the economy?

These are areas where the CEA will be involved and I think we can do better in delivering more useful statistics for your use and those of the Congress in guiding policy analysis.

Chairman SARBANES. We would appreciate it if you made sure that this was fairly high up on the agenda of the CEA and let's see if we cannot work at trying to get adequate resources and review the statistical indices that are being kept to make sure that they are still relevant to the modern economy.

And hopefully, working together, we take Federal statistical information to a new plateau, which I think is a win/win. I do not know anybody who is against it and there are significant benefits to be gained from it.

I have one question to put again to you, Ms. Bair.

The Treasury Department and the Department of Housing and Urban Development, in June 2000, just a year ago, issued a joint report curbing predatory home mortgage lending. It was a joint product of the two Departments. It had some very good analysis and some very good recommendations in it, in my opinion. That is an issue that this Committee intends to pursue and to focus on.

I do not know whether you have had a chance to look at that report. But I would hope that this Treasury Department would carry along on the same path with respect to predatory lending that was first charted out here by Secretary Summers and his Department just over a year ago. Have you had a chance to look at that report, or do you have any view on the issue generally?

Ms. BAIR. I have had a chance to review it. I have not studied it in detail. I thought that it was an excellent report on my first reading. I would note that the Federal Reserve Board has two rule proposals out now, one amending HOPA, the other, the HMDA. And a number of those rule proposals were consistent with recommendations included in the Treasury HUD report. I know this is an area of deep concern to you. It is an area of deep concern to me as well. I look forward to working with you on it.

I requested that I have some briefing materials on what was going on in Maryland, and Baltimore, specifically, with regard to the flipping practices. It made me very angry. I share your anger. I share your concern. And if there are additional things that we can do, we should.

I think a distinction does need to be made between predatory lending and legitimate sub-prime lending. Obviously, we do not want to take measures that would have the unintended consequence of providing disincentives for legitimate financial service providers to serve economically distressed areas.

But, again, I appreciate your concern and your work in this area and I look forward to working with you.

Chairman SARBANES. Well, good. We look forward to doing that.

I am pleased with your reference to the Federal Reserve because they really have embarked, I think, on a very positive and constructive endeavor there. And I know that they are now in the process of formulating some regulations. We hope they will come to finality and make an important contribution toward dealing with this problem.

We have been joined by Senator Ensign. John, did you have any comments?

COMMENT OF SENATOR JOHN ENSIGN

Senator ENSIGN. No, thank you very much, Mr. Chairman.

Chairman SARBANES. Senator Carper.

Senator CARPER. Mr. Chairman, I just cannot let this opportunity pass without asking a question of Dr. McClellan.

I leaned over and said to Governor Miller here——

Chairman SARBANES. It is just by chance that these two Governors are sitting next to each other.

[Laughter.]

Senator CARPER. We are joined at the hip.

[Laughter.]

Given the work that you did in the Clinton Administration on Medicare, Medicare reform and, to some extent, prescription drugs, the role that I understand you have played in helping to shape the proposal of President Bush, I have been working with Senator Bob Graham of Florida and others.

I have just become a cosponsor of not only his proposal, but also that of Senator John Breaux and Senator Bill Frist. One of the things that we have wrestled with in trying to figure out how to hold down cost to the taxpayers, is how to harness market forces in competition.

In the Graham proposal, we have called for dividing the country into regions and inviting prescription drug benefit managers to come and to compete for the business in those various regions. And those who can negotiate the best prices with the drug companies, pharmaceutical companies, will presumably get more of the business in those respective regions.

The President probably has a different proposal with respect to competition and how do you harness it to help contain our costs.

Would you just share some quick thoughts with us on how do we not let this become just a runaway entitlement? How do we make sure that we meet the needs that are greatest out there, but in a way that is consistent with our budget resolution?

We set aside \$300 billion in our budget resolution to cover these costs. That is the forecast costs of the Graham proposal. I think the President is under that a little bit. But just some thoughts on competition, holding down our costs and providing the benefit.

Mr. MCCLELLAN. Sure, I would be happy to make a few remarks on that. And I hope we have more opportunities to discuss these issues going forward.

Senator CARPER. I expect some of our centrist Democrats are going to try to get you to come and meet with us.

Mr. MCCLELLAN. That would be a terrific opportunity for me.

Senator CARPER. Probably invite John Ensign, too.

Mr. MCCLELLAN. As you mentioned, I had a chance to work on these issues as well in former President Clinton's Administration. And there, too, there were fundamental concerns about how we can best use competition to help seniors, to help keep costs down, to give them better options, but not to take away options that they depend on or disrupt services and benefits that have been their lifeblood in getting the medical care that they need.

Fortunately, at this point, I think there are a lot of good ideas out there about how to do that. You mentioned that you had recently signed on to the "Breaux-Frist II" bill. And I think that is

a good example of how we can start using competition more effectively in giving seniors reliable and good options for getting their guaranteed Medicare benefits.

With respect to prescription drugs, obviously, the increase in costs of prescription drugs is an issue that is at the absolute top of the national agenda and I know is a top concern of the President, as well as many Democrats in this body.

Your ideas with Senator Graham for using the best tools of the private sector—pharmacy benefit managers and similar approaches that allow people and insurance groups to pool together and use their buying power to negotiate competitive discounts from drug manufacturers—have been very successful in lowering costs in the private sector.

I think actually the President feels that using private sector tools would be a very effective way to go. And if you look at all the proposals for prescription drug benefits out there, one of the things that they have in common is relying more on the kinds of tools that have proven effective in the private sector for getting lower cost drugs to people who have private insurance and improving the quality of their pharmaceutical use.

I think one of the announcements that the President made today that Senator Gramm referenced was to try to take a step now to get that process going for seniors. Obviously, it is going to be a long and hard effort, despite all of the good bipartisan groundwork that has been laid, to help provide a prescription drug benefit in Medicare. It will take a lot of work and all of us rolling up our sleeves and working together to enact a prescription drug benefit as part of modernizing Medicare and bringing the program up-to-date.

But the President believes, I think like you do, that seniors should have access to the kinds of tools that have proven so effective in private insurance plans for helping keep drug costs down. I think part of his announcement today was on that. And I know that he views that as hopefully a very useful basis for moving forward on the kinds of legislation that we need to help seniors.

Senator CARPER. Thank you.

Yesterday, the House of Representatives passed, I think by a wide margin, a measure that would enable people from our country to buy their prescription drugs from other foreign countries. Any thoughts on that legislation?

Mr. MCCLELLAN. That is an issue that I had an opportunity to think about in the last Administration as well because, as you know, similar bills passed Congress in the last Administration. The big concerns there are maintaining the safety of prescription drugs that people in this country are using.

In the last Administration, Secretary Shalala and the FDA made a determination that importation of drugs would be virtually impossible to undertake in a substantial and systematic way, while assuring high quality drug use. It is an issue that bears on the Department of the Treasury as well.

The Administration, I think, has been conducting an extensive review of all of the possibilities for drug importation and all of the obstacles that exist to making sure that the drugs coming back into the country are certified as high-quality, unadulterated, and non-expired products.

It is a real challenge. I think it just goes to the fact that we need to work as hard as we can to find effective ways to get lower-priced, safe, high-quality prescription drugs to the American public.

Senator CARPER. Mr. Chairman, it is unfortunate that Senator Dole is not here, with this line of questioning. I am sure that we can find something to talk about with him, too.

Chairman SARBANES. Well, yes. He has just had some surgery, but he is coming along fine. He did send a very laudatory statement which I read before you arrived.

Senator CARPER. I thank you for letting me pursue this line of questioning. We look forward very much to further discussions.

If time permitted, Ms. Bair, I would ask you to share with me Treasury's thoughts on these matters, but I do not think it does.

Thank you.

Chairman SARBANES. Senator Bennett, did you have anything?

COMMENTS OF SENATOR ROBERT F. BENNETT

Senator BENNETT. Mr. Chairman, I have been tied up down in the Appropriations Committee, so I apologize for being late.

These two have my strong endorsement and I look forward to the opportunity of voting for them and then working with them after they take their positions.

Chairman SARBANES. Thank you very much.

I want to commend the President. He sent us two nominees I think of high quality. We look forward to acting in a favorable way on your nominations.

I had hoped that we could draw this to a close before Preston Bair's patience ran out.

[Laughter.]

But we did not accomplish that. Much to the relief of his father, he left the room and has gone out into the hallway.

[Laughter.]

Let me say to the Members of the Committee, we were not able to get a quorum to act on the five nominees that we wanted to report out today: Angela Antonelli, Chief Financial Officer of HUD; Jennifer Dorn, to be Federal Transit Administrator; Roger Ferguson, to be on the Board of Governors of the FED; Donald Powell, to be the Chairman of the FDIC; and Ron Rosenfeld, to be President of the Government National Mortgage Association.

What I am going to do, I am not going to adjourn the Committee. I am just going to recess it. We will canvass then and see if there is an opportune time in which we may draw the Committee back together, have a quorum, and be able to report these people out.

We have indicated that we want to try to cooperate with the Administration as best we can. We presumably will differ on occasions about some nominee, but to the extent we can, we will move these people forward and get them into place so they can start doing their jobs.

So with that, I want to thank the nominees and we will recess. If we can work something out, we will let Members know. Maybe we will do it off the floor of the Senate or something of that sort.

The Committee stands in recess and I thank the nominees very much for coming.

[Whereupon, at 10:52 a.m., the Committee was recessed, to reconvene at 12:25 p.m. in room S-116 of the Capitol.]

Chairman SARBANES. A quorum is now present to markup the nominees that we had scheduled for this morning.

Very quickly, the nominees are: Angela Antonelli, to be Chief Financial Officer of HUD; Jennifer Dorn, to be the Federal Transit Administrator; Roger Ferguson, to be a Member of the Board of Governors of the Federal Reserve; Donald Powell, to be a Member and Chairman of the Board of Directors of the Federal Deposit Insurance Corporation; and Ronald Rosenfeld, to be President of the Government National Mortgage Association, Ginnie Mae.

There is no controversy. I ask unanimous consent that we consider all five nominations en bloc. Is that acceptable?

Senator BUNNING. Mr. Chairman, I would like to be recorded as voting no against one.

Chairman SARBANES. Okay. We will consider them en bloc, but register your negative vote with respect to one of the nominees. Is that acceptable to everybody else?

Senator DODD. Is there something we should know, Jim?

Senator BUNNING. Well, there is someone who is so much like Alan Greenspan that I cannot vote for him.

Chairman SARBANES. All right. The Clerk will call the roll.

The CLERK. Chairman Sarbanes.

Chairman SARBANES. Aye.

The CLERK. Mr. Dodd.

Senator DODD. Aye.

The CLERK. Mr. Johnson.

Senator JOHNSON. Aye.

The CLERK. Mr. Reed.

Senator REED. Aye.

The CLERK. Mr. Schumer.

Senator SCHUMER. Aye.

The CLERK. Mr. Bayh.

Senator BAYH. Aye.

The CLERK. Mr. Miller.

Senator MILLER. Aye.

The CLERK. Mr. Carper.

Senator CARPER. Aye.

The CLERK. Ms. Stabenow.

Senator STABENOW. Aye.

The CLERK. Mr. Corzine.

Senator CORZINE. Aye.

The CLERK. Mr. Akaka.

Senator AKAKA. Aye.

The CLERK. Mr. Gramm.

Senator GRAMM. Aye.

The CLERK. Mr. Shelby.

Senator SHELBY. Aye.

The CLERK. Mr. Bennett.

Senator BENNETT. Aye.

The CLERK. Mr. Allard.

Senator ALLARD. Aye.

The CLERK. Mr. Enzi.

Senator ENZI. Aye.

The CLERK. Mr. Hagel.
 Senator HAGEL. Aye.
 The CLERK. Mr. Santorum.
 Senator SANTORUM. Aye.
 The CLERK. Mr. Bunning.
 Senator BUNNING. Aye, with the exception of Roger W. Ferguson,
 I vote no.
 The CLERK. So noted.
 Mr. Crapo.
 Senator CRAPO. Aye.
 The CLERK. Mr. Ensign.
 Senator ENSIGN. Aye.
 The CLERK. The Ayes are 21, with the exception of Mr. Roger W.
 Ferguson, where the Ayes are 20 and 1 no.
 Chairman SARBANES. Thank you all very much.
 Senator GRAMM. Thank you, Mr. Chairman, for doing this, and
 Danny Akaka, welcome to our Committee.
 Chairman SARBANES. This hearing is adjourned.
 [Whereupon, at 12:30 p.m., the hearing was adjourned.]
 [Prepared statements, biographical sketches of the nominees, and
 additional material supplied for the record follow:]

PREPARED STATEMENT OF SHEILA C. BAIR

ASSISTANT SECRETARY OF THE TREASURY FOR
FINANCIAL INSTITUTIONS-DESIGNATE

JULY 12, 2001

Chairman Sarbanes, Ranking Member Gramm, and Members of the Committee, I am pleased to appear before you today to discuss my nomination to become the Assistant Secretary of the Treasury for Financial Institutions.

Before I begin my statement, it might be prudent to introduce my family, since I think it unlikely our 17-month-old daughter, Colleen, is going to make it through the entire hearing. With me today are my husband, Scott Cooper, our 8-year-old son, Preston, Colleen, and our au pair, Urarat Sukahrom. I am very happy that they could all be with me this morning on this special occasion.

I would like to begin my statement by expressing my deep appreciation to President Bush for nominating me for this important position. I am honored by the confidence the White House has shown in me by naming me to this post and I will work hard to justify that confidence. I would also like to thank Secretary O'Neill, Deputy Secretary-Designate Ken Dam, and Under Secretary-Designate Peter Fisher for the support they have provided for my nomination. I look forward to having the privilege of working with them, the rest of the impressive team that the President has assembled, and the well regarded career staff at the Treasury Department.

Next, I would like to thank Senator Robert Dole for his support and help on this nomination, and all the support, advice, and mentoring he has provided me over the past two decades. I know he wanted to be here this morning and wish him a full and speedy recovery from his recent surgery. Working for Senator Dole early in my career, I was able to learn all the best things about being in public service. In the tradition of two other great Kansans, William Allen White and Dwight D. Eisenhower, Senator Dole's leadership in the Senate reflected the common sense values and pragmatic idealism so steeped in the politics of Middle America. From him, I learned that Government has a special obligation to use American taxpayers' dollars wisely and sparingly, wisdom that will serve me well at the Treasury Department whose job I believe, first and foremost, is to protect taxpayers' funds from imprudent risk and wasteful expenditure. Senator Dole also taught me, however, that Government has a special obligation to help society's less fortunate and those programs to help the poor and disadvantaged, if carefully targeted and efficiently managed, can constitute a wise and noble use of taxpayers' funds.

I come to you today with over a decade of experience working in public service, ranging from my first job as a civil rights attorney for the old Department of Health, Education and Welfare, to my 5 years of service to this august body on the staff of Senator Robert Dole, to over 4 years as a Commissioner on the Commodity Futures Trading Commission, where I served as Chairman of the CFTC's Financial Products Advisory Committee. I have nearly 12 years experience working with the financial markets, combining my years at the CFTC, with over 7 years with the New York Stock Exchange, and 5 years as Senior Vice President for Government Relations. My blend of experiences with the NYSE and CFTC has given me valuable insights into the financial regulatory/policymaking process from the perspective of both the regulator and the regulated. It has also given me a broad-based understanding of the workings of financial markets and the financial institutions, which participate in them.

My previous experience with financial derivatives and equities will be helpful in dealing with the myriad public policy issues that are arising as traditional lines demarcating banking products from other types of financial products are blurring, and in some cases, disappearing. With financial institutions forging into new product lines and services in the wake of the Gramm-Leach-Bliley Act, the ability of financial regulators and policymakers to coordinate and work together cooperatively is being increasingly challenged, and I hope my background will help me to contribute to the development of comity and consistency in the regulation and oversight of our financial institutions. These are exciting times in the making of financial regulatory policy and once again, let me say how deeply grateful I am to President Bush for giving me this opportunity to return to public service. If confirmed by the Senate, I look forward to working closely with Members of this Committee, the House Financial Services Committee, and others as together we deal with the dynamic and momentous changes occurring in the delivery of financial services.

Thank you very much. I would be very happy to respond to any questions that you might have.

**Responses of Sheila Bair to
Questionnaire for Presidential Nominees
Committee on Banking, Housing, and Urban Affairs
United States Senate**

Name: Sheila C. Bair

Position to Which Nominated:

Date of Nomination: June 8, 2001

Assistant Secretary of the Treasury for Financial Institutions

Date of Birth: April 3, 1954

Place of Birth: Wichita, KS

Name and Ages of Children: Preston Cooper, 8; Colleen Cooper, 1

Education:	Institution	Dates Attended	Degrees Received	Dates of Degrees
	Kansas University	8/71 - 5/75	BA	5/75
	KU School of Law	8/75 - 5/78	JD	5/78

Honors and Awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Academy of Women Achievers, YWCA
Teaching Fellow, University of Arkansas School of Law

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office Held (if any)	Dates*
American Bar Assn	None	1987 - present
Economic Club	None	1999 - present
Exchequer Club	None	1999 - present
Federal City Council	None	1999 - 2001
KU School of Law	Board Member	1990 - 1993
Women for Bush/Quayle	Steering Com.	1991-1992

*Dates Approximate.

Memberships Cont'd

Organization	Office Held	Dates
National Womens Law Ctr.	Board Member	1999 - 2001
NYSE Luncheon Club	None	1998 - 2001
NYSE PAC	Dir./Bd Member	1998 - 2000
	Ass't Treas.	1996-1998
Soc. of Children's Book Writers and Illus..	None	2000 - present
Technology Network Public Policy Com.	None	1998 - 2000
University Club	None	1995 - 1998
WISH List	None	1993 - present
Women's Campaign Fund	Bd. Member/ GOP CO-Chair	1991 - 1997
Women in Housing and Finance	None	1995 - 2000
Women's Leadership Net.	None	1992 - 1994

Employment Record: List below all positions held since college, including the title or description of job, name of employment, location of work and dates of inclusive employment.

Title	Employer	Location	Dates
Consultant	NYSE	Washington, DC	9/2000 - present
Sr. VP/Gov't Relations	NYSE	Washington, DC	7/95 - 9/2000
Commissioner	CFTC	Washington, DC	5/91 - 6/95
Acting Chairman	CFTC	Washington, DC	8/93 - 12/93
Legislative Counsel	NYSE	Washington, DC	10/90 - 5/91 7/88 - 1/90
Candidate for Congress/ Ks. 5th District	Self	Independence, KS	1/90 - 9/90
Counsel	Kutak, Rock & Campbell	Washington, DC	1/87 - 7/88
Research Director	Dole for President	Washington, DC	10/87 - 3/88 (on leave from Kutak)

Employment Record – Cont'd

Title	Employer	Location	Dates
Deputy Counsel to Majority Leader Dole	Office of the Majority Leader/US Senate	Washington, DC	1/85 - 7/86
Counsel to Chairman Robert Dole	Courts Subcommittee Senate Judiciary Com.	Washington, DC	10/81 - 1/85
Attorney/Advisor	HEW/Dep't of Ed	Washington, DC Kansas City, Mo	5/79 - 10/81
Teaching Fellow	University of Ark. School of Law	Fayetteville, Ark	8/78 - 5/79

Government Experience: List any experience in or direct association with Federal, State or local governments, including any advisory, consultative, honorary or other part time service or positions.

5/79 - 10/81 Attorney Adviser, DHEW/Department of Education.

10/81 - 12/84 Counsel, Courts Subcommittee, Senate Judiciary Committee

1/85 - 7/86 Deputy Counsel, Senate Majority Leader's Office

5/91 - 6/95 Commissioner, CFTC (8/93 - 12/93 Acting Chairman)

Published Writings: List the titles, publishers, and dates of books, articles, reports or other published materials you have written.

"Why Offshore Doesn't Mean 'Off Limits'," *Futures Magazine*, January 1992

"Is There a 'Future' in Swaps" *Mortgage Banking Magazine*, September 1992

"The Worst of Arkansas Best," *The University of Kansas Law Review*, Spring 1993 (lead author)

"US Regulation of Derivative Instruments: Reflections from a Crucial Crossroads" Paper Submitted to the University of London Institute of Advance Legal Studies for inclusion in Proceedings of the International Conference on Derivative Instruments, October 1993 (Published in *Derivative Instruments*, Swan 1994)

Publications – Cont'd

"Change and Challenge in the Marketplace: Meeting the Darwinian Challenge," *Futures Industry*, September/October 1993

"The Future of Past Performance Reporting," *Managed Account Reports*, January 1994

"Regulatory Issues Presented by the Growth of OTC Derivatives: Why Off-Shore is No Longer Off-Limits," *Handbook of Derivatives and Synthetics* (Klein and Lederman 1994)

"Clearinghouse Arrangements for Privately Negotiated Securities: Introductory Remarks," International Symposium on Banking and Payment Services (Federal Reserve Board, March 10 -11 1994)

"US Financial Regulation of OTC Derivatives," *Futures and Derivatives Law Review* (Issue 4, 1994)

"Lessons from the Barings Collapse," *Fordham Law Review*, October 1995

"Voluntary Efforts to Provide Oversight of OTC Derivatives Activities: Are They Enough?" *Derivatives Risk and Responsibility* (Klein and Lederman, 1996) (Lead Author)

Letter to the Editor re Predatory Cashing, *Businessweek*, May 15, 2000

Political Affiliations and Activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Research Director, Dole for President, 1988

Candidate, Bair for Congress, 1990

Steering Committee Member, Women for Bush-Quayle, 1991-1992

Surrogate Speaker Program, Bush-Quayle, 1992

GOP Senate High-Tech Task Force, 1999-2000

Political Contributions: Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates and names of recipients.

Political Contributions -- Cont'd

Recipient	Amount	Date
Women's Campaign Fund	\$500	Oct 15, 1992
WISH List	\$1,000	Nov 16, 1992
Women's Campaign Fund	\$1,000	Feb. 19, 1993
WISH List	\$1,000	Sep 3, 1993
Women's Campaign Fund	\$500	Dec 7, 1993
Women's Campaign Fund	\$500	April 5, 1994
Women's Campaign Fund	\$500	July 7, 1994
Women's Campaign Fund	\$500	Jan. 15, 1995
Dole for President	\$1,000	Mar 7, 1995
Women's Campaign Fund	\$1,000	Oct 20, 1995
National Repub. Senatorial Committee	\$1,000	Nov. 16, 1995
Women's Campaign Fund	\$1,000	Jan 23, 1996
Dole/Kemp Compliance Committee	\$1,000	Mar 15, 1996
NYSE PAC	\$500	Mar 19, 1996
Friends for Cliff Stearns	\$500	May 20, 1996
Sheila Frahm for Senate	\$1,000	July 26, 1996
(WISH List Intermediary)		
Nancy Mayer for Senate	\$500	Sep 14, 1996
Lazio for Congress	\$500	Sep 30, 1996
Donovan for Congress	\$500	Oct 11, 1996
Donovan for Congress	\$500	Oct 16, 1996
Bennett for Senate	\$1,000	Feb 12, 1997
Joe Barton Committee	\$500	June 23, 1997
Friends of Sen. D'Amato	\$650	Jan 14, 1998
Faircloth for Senate	\$1,000	Feb. 6, 1998
Faircloth for Senate	\$1,000	Feb. 6, 1998
WISH List	\$1,000	Mar 27, 1998
Neas for Congress (desig. primary)	\$750	Aug 26, 1998
	\$250	Oct. 27, 1997
Elizabeth Dole Exploratory Committee	\$1,000	April 29, 1999
Lazio 2000	\$500	June 30, 1999
Committee to Re-elect Fossella	\$500	July 21, 1999
NYSE PAC	\$500	June 30, 1999
WISH List	\$1,000	Dec 8, 1999
McCain 2000	\$1,000	Jan 21, 2000
Morella for Congress		
(WISH List Intermediary)	\$1,000	June 2, 2001

Qualifications:

See attached statement.

Future Employment Relationships:

1. Indicate whether you will sever all connections with your present employer, business, firm, association or organization if you are confirmed by the Senate.

I will sever all connections with the NYSE, except for continued participation in the NYSE 401(k) plan and retirement plan, as indicated below.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I have no plans to resume employment, affiliation or practice with any previous employer, business firm association or organization after completing my government service.

3. Has anybody made you a commitment to a job after you leave government?

No..

4. Do you expect to serve the full term for which you have been appointed?

NA

Potential Conflicts of Interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

I will continue participation in the NYSE Employee Savings (401k) plan and the NYSE (defined benefit) retirement plan.

2. List any investments, obligations, liabilities or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

Ownership of Huntington Bancshares common stock. I will divest myself of these shares within 90 days of my confirmation.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

Attached please find lobbying disclosure reports for the years I headed the Government Relations Division of the New York Stock Exchange.

5. Explain how you will resolve any conflicts of interest that may be disclosed by your responses to the items above.

I will divest of the common stock listed in response to item #2 above. Further, I will agree not to participate in any particular matter that may directly and predictably affect NYSE's ability or willingness to pay my benefits under the NYSE defined benefit pension plan. Should any additional actual or potential conflicts arise, I will consult with Treasury Ethics officials.

Civil, Criminal and Investigatory Actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

None.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None.

Statement of Qualifications
Sheila C. Bair

I have over a decade of experience working in public service, including my first job as a civil rights attorney for the old Department of Health, Education, and Welfare, my five years of service to this august body working for former Senator Dole, first as his Counsel on the Courts Subcommittee of the Senate Judiciary Committee and then as his Deputy Counsel in the Senate Majority Leader's office, and my over four years experience as a Commissioner of the Commodity Futures Trading Commission. I have nearly 12 years experience working with the financial markets. This includes my time at the CFTC, as well as over 7 years with the New York Stock Exchange (NYSE) including five as the NYSE Senior Vice President for Government Relations. My tenure with the NYSE and CFTC has given me valuable first hand experience with the financial regulatory/policy making process from the perspective of both the regulator and the regulated. It has also given me excellent insights into the inner workings of financial markets and their participants.

Though I have not worked directly in the banking sector, I believe my previous experience with derivative and equity markets provides me with an excellent background for quickly learning the issues and acquiring the skills necessary to successfully perform the job of Assistant Secretary for Financial Institutions. The experiences I have acquired at the CFTC and the NYSE will, I hope, allow me to contribute valuable perspectives to the development and implementation of federal policies applicable to financial institutions as they forge into new product lines and services in the wake of Gramm-Leach-Bliley. I am deeply grateful to President Bush for giving me this opportunity to return to public service. If confirmed by the Senate, I look forward to working with the outstanding team he has assembled at the Treasury Department, with members of this Committee, and others during this time of such dynamic and momentous changes in the delivery of financial services.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: MC CLELLAN MARK BARR
(Last) (First) (Other)

Position to which nominated: MEMBER, COUNCIL OF ECONOMIC ADVISERS Date of nomination: _____

Date of birth: 26 JUNE 1963 Place of birth: AUSTIN, TEXAS
(Day) (Month) (Year)

Marital Status: MARRIED Full name of spouse: STEPHANIE RIDGWAY MC CLELLAN

Name and ages of children: ALEXANDRA SARA, TWO
ELIZABETH CAROLE, TWO

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	UNIV OF TEXAS (AUSTIN)	81-85	BA	1985
	HARVARD-MIT DIV OF HEALTH SCIENCES & TECHNOLOGY	85-92	MD	1992
	HARVARD UNIVERSITY	87-91	MPA	1991
	MIT (ECONOMICS)	88-93	PhD	1993

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

1985-PHI BETA KAPPA
1988-JOHN F. KENNEDY FELLOWSHIP IN PUBLIC POLICY (HARVARD UNIVERSITY)
1993-FIRST AWARD, NATIONAL INSTITUTE ON AGING
1994-REVIEW OF ECONOMIC STUDIES AWARD, OUTSTANDING DISSERTATION IN ECONOMIC
1994-FINALIST, NATIONAL ACADEMY OF SOCIAL INSURANCE DISSERTATION PRIZE
1995-FINALIST, BEST RESEARCH PAPER, ASSOCIATION FOR HEALTH SERVICES RESEARCH
1996-JOHN M. OLIN FACULTY RESEARCH FELLOWSHIP
1997-KENNETH ARROW AWARD, BEST RESEARCH PAPER IN HEALTH ECONOMICS
1999-CAREER DEVELOPMENT AWARD, NATIONAL INSTITUTE ON AGING
1999-GRILICHES AWARD, BEST EMPIRICAL PAPER IN QUARTERLY J. ECON/J. POL. ECON
2000-NATIONAL FELLOW, HOOVER INSTITUTION

Memberships:

List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
NATIONAL BUREAU OF ECONOMIC RESEARCH	RESEARCH ASSOCIATE	1993-PRESENT
AMERICAN ENTERPRISE INSTITUTE	VISITING SCHOLAR	1999-PRESENT
NATIONAL CANCER POLICY BOARD (NATIONAL ACADEMY OF SCIENCES)	MEMBER	2000-2001
HOOVER INSTITUTION	NATIONAL FELLOW	2000-2001
AMERICAN MEDICAL ASSOCIATION		1992-PRESENT
AMERICAN ECONOMIC ASSOCIATION		1993-PRESENT
AMERICAN COLLEGE OF PHYSICIANS		1999-PRESENT
AMERICAN STATISTICAL ASSOCIATION		1997-PRESENT

Employment record:

List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

GRADUATE RESEARCH ASSISTANT, HARVARD MEDICAL SCHOOL, BOSTON, MA	1987-89
RESEARCH ANALYST, US CONGRESS OFFICE OF TECHNOLOGY ASSESSMENT, WASHINGTON, D.C.	1987
RESEARCH ANALYST, RAND CORPORATION, SANTA MONICA, CA	1989
GRADUATE RESEARCH ASSISTANT, MIT	1989-91
RESEARCH ASSISTANT, NATIONAL BUREAU OF ECONOMIC RESEARCH	1991-92
RESIDENT IN INTERNAL MEDICINE, BRIGHAM WOMEN'S HOSPITAL BOSTON, MA	1993-95
ASSISTANT PROFESSOR OF ECONOMICS AND OF MEDICINE, STANFORD, CA	1995-98
DEPUTY ASSISTANT SECRETARY FOR ECONOMIC POLICY, DEPARTMENT OF THE TREASURY, WASHINGTON, D.C.	1998-99
ASSOCIATE PROFESSOR OF ECONOMICS AND MEDICINE	2000-PRESENT
RESEARCH FELLOW ASSOCIATE, NATIONAL BUREAU OF ECONOMIC RESEARCH	1993-PRESENT
CONSULTANT, COUNCIL OF ECONOMIC ADVISERS	3/29/01-PRES

Government
experience:

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

MEMBER, BEHAVIORAL & SOCIAL RESEARCH REVIEW COUNCIL, NATIONAL INSTITUTE ON AGING	1993-97
DEPUTY ASSISTANT SECRETARY, DEPARTMENT OF THE TRASURY	1998-99
CONSULTANT, COUNCIL OF ECONOMIC ADVISERS	3/19/01-PRI
ADVISER, NATIONAL ECONOMIC COUNCIL WHITE HOUSE	1/4/01-PRE

Published
Writings:

List the titles, publishers and dates of books, articles, reports or other published materials you have written.

SEE RESUME (ATTACHED)

Political
Affiliations
and activities:

List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

GEORGE W. BUSH 2000-OCCASIONAL UNPAID CONSULTING ON HEALTH CARE AND BUDGET ISSUES
BUSH-CHENEY TRANSITION 2000-01-UNPAID CONSULTANT ON HEALTH CARE AND BUDGET ISSUES
CAROLE K. RYLANDER FOR COMPTROLLER (TEXAS)-1998-UNPAID CONSULTANT
CAROLE K. RYLANDER FOR RAILROAD COMMISSIONER (TEXAS)-1994, 96-UNPAID CONSULTANT

Political

Contributions:

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

Qualifications:

State fully your qualifications to serve in the position to which you have been named.
(attach sheet)

Future employment
relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

LEAVE OF ABSENCE FROM STANFORD UNIVERSITY--SEE ATTACHED LETTER. WILL SEVER ALL OTHER EMPLOYMENT & BUSINESS RELATIONSHIPS.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

EXPECT TO RETURN TO STANFORD UNIVERSITY AND THE CONDUCT OF MY ACADEMIC RESEARCH.

3. Has anybody made you a commitment to a job after you leave government?

(SEE ABOVE)

4. Do you expect to serve the full term for which you have been appointed?

YES

Potential conflicts
of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

NONE

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

SMALL STAKE (LESS THAN \$1000 ANNUAL INCOME) IN THE DAMON ESTATE TRUST,
A FAMILY-HELD S CORPORATION THAT INVOLVES OIL AND GAS ROYALTIES. I WILL
DIVEST THIS TRUST UPON CONFIRMATION.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

AS A RESEARCH PROFESSOR AT STANFORD AND A RESEARCH ASSOCIATE AT THE
NATIONAL BUREAU OF ECONOMIC RESEARCH. I HAVE HAD FEDERAL RESEARCH GRANTS
AND CONTRACTS FOR STUDIES ON A RANGE OF TOPICS RELATED TO HEALTH CARE,
AGING, AND PUBLIC ECONOMICS. UPON CONFIRMATION, I WILL TAKE LEAVE OF
ABSENCE FROM STANFORD AND WILL RESIGN FROM NBER, AND THEREFORE WILL HAVE
NO ONGOING FINANCIAL RELATIONSHIP WITH THE FEDERAL GOVERNMENT OTHER THAN
THROUGH MY NEW POSITION.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

NONE

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

Civil, criminal and
investigatory
actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

NONE

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

NONE

December 2000

Curriculum Vitae**MARK B. McCLELLAN**

- Mailing address:** Department of Economics
579 Serra Mall
Stanford University
Stanford, CA 94305-6072
- Telephone:** 650/723-3982; 650/326-7160
- Facsimile:** 650/724-5535; 650/328-4163
- Electronic mail:** markmc@stanford.edu
- Education:**
1985 University of Texas, Austin, TX, B.A., *summa cum laude* (English/Biology)
1991 Harvard University, Cambridge, MA, M.P.A. (Regulatory Policy)
1992 Harvard-MIT Division of Health Sci. & Technology, M.D., *cum laude*
1993 Massachusetts Institute of Technology, Ph.D. (Economics)
- Clinical training:**
1993-95 Resident in Internal Medicine, Department of Medicine, Brigham and Women's Hospital
1996 Diplomate, American Board of Internal Medicine
- Employment:**
1995-1999 Assistant Professor, Dept. of Economics and Dept. of Medicine, Stanford University (on leave 1998-99)
2000- Associate Professor with tenure, Dept. of Economics and Dept. of Medicine, Stanford
1995- Attending Physician in Internal Medicine, Stanford Health Services
1998-1999 Deputy Assistant Secretary for Economic Policy, U.S. Department of the Treasury
1998- Director, Program on Health Outcomes Research, Stanford Center for Health Policy
1991-95 Research Associate, Harvard Medical School Dept. of Health Care Policy, Boston MA
- Affiliations:**
Co-Principal Investigator, Health and Retirement Study
Associate Editor, *Journal of Health Economics*
Research Associate, National Bureau of Economic Research (Aging, Health Care, Productivity, and Public Economics Programs)
Visiting Scholar, American Enterprise Institute
Member, National Cancer Policy Board, National Academy of Sciences
- Honors and Awards:**
1985 Phi Beta Kappa
1988 John F. Kennedy Fellowship in Public Policy (Harvard University)
1993 FIRST Award, National Institute on Aging
1994 *Review of Economic Studies* Award, Outstanding Dissertation in Economics
1994 Finalist, National Academy of Social Insurance Dissertation Prize
1995 Finalist, Best Research Paper, Association for Health Services Research
1996 John M. Olin Faculty Research Fellowship
1997 Kenneth Arrow Award, Best Research Paper in Health Economics
1999 Career Development Award, National Institute on Aging
1999 Griliches Award, Best Empirical Paper in *Quarterly J. Econ/ J. Political Econ.*
2000 National Fellow, Hoover Institution

Publications

Articles:

1. "Appropriateness of medical care: A comparison of methods to set standards," with R.H. Brook, *Medical Care* 30: 565-586, July 1992.
2. "Does more intensive treatment of acute myocardial infarction reduce mortality?" with B.J. McNeil and J.P. Newhouse, *Journal of the American Medical Association* 272(11): 859-66, September 1994.
3. "Uncertainty, Health Care Technologies, and Health Care Choices," *American Economic Review Papers and Proceedings* 85(2): 38-44, May 1995.
4. "The uncertain demand for medical care," *Journal of Health Economics* 14(2): 239-242, June 1995.
5. "Do doctors practice defensive medicine?" with D.P. Kessler, *Quarterly Journal of Economics* 111(2): 353-90, May 1996.
6. "The marginal returns to technological change in health care," *Proceedings of the National Academy of Sciences*, 93(23):12701-08 (Nov 12, 1996).
7. "The marginal cost-effectiveness of medical technology: a panel instrumental-variables approach," with J.P. Newhouse, *Journal of Econometrics* 77(1): 39-64, March 1997.
8. "Hospital reimbursement incentives: an empirical analysis," *Journal of Economics and Management Strategy* 6(1): 91-128, Spring 1997.
9. "The effects of malpractice pressure and liability reforms on physicians' perceptions of medical care," with Daniel P. Kessler. *Journal of Law and Contemporary Problems* 60(1): 81-106, Winter 1997.
10. "The econometrics of outcomes research," with J.P. Newhouse, *Annual Review of Public Health* 19:17-34, 1998.
11. "Are medical prices declining? Evidence for heart attack treatments" with D.M. Cutler, J.P. Newhouse, and D. Remler, *Quarterly Journal of Economics* 113(4): 991-1024, November 1998.
12. "Technological change in heart-disease treatment: does high-tech mean low value?," with H. Noguchi, *American Economic Review Papers and Proceedings* 88(2): 90-96, May 1998.
13. "What has increased medical-care spending bought?," with D. Cutler and J. Newhouse, *American Economic Review Papers and Proceedings* 88(2): 132-136, May 1998.
14. "Risks and costs of end-stage renal disease after heart transplantation," with J. Hornberger, J. Geppert, and J. Best, *Transplantation* 66(12): 1763-70, December 1998.
15. "Medicare reform: Who pays, and who benefits?" with J.S. Skinner, *Health Affairs* 18(1): 48-62, January 1999.

16. "A global analysis of technological change in health care: Preliminary report from the TECH research network," with D.P. Kessler on behalf of the TECH Investigators, *Health Affairs* 18(3): 250-5, May 1999.
17. "Is hospital competition socially wasteful?" with D.P. Kessler, *Quarterly Journal of Economics*, 2000.
18. "How does managed care do it? Prices and productivity in managed care," with D.M. Cutler and J.P. Newhouse, *RAND Journal of Economics*, 2000.
19. "Designing a Medicare prescription drug benefit: Issues, opportunities, and challenges," with I. Spatz and S. Carney, *Health Affairs*, March 2000.
20. "Medicare reform: Fundamental problems, incremental steps," *Journal of Economic Perspectives*, Spring 2000.
21. "Does physician specialty affect survival of elderly patients with myocardial infarction?" with C.D. Frances, M.G. Shlipak, H. Noguchi, and P. Heidenreich, *Health Services Research*, December 2000.
22. "Optimal liability policy in an era of managed care," with D. Kessler, *Journal of Public Economics*, forthcoming.
23. "Technological change in AMI care: outcome and cost consequences, 1975-1995," with P. Heidenreich, in *American Journal of Medicine*, forthcoming.
24. "Health care productivity," with D. Cutler, *American Economic Review Papers and Proceedings*, forthcoming.

Book:

A Global Analysis of Technological Change in Health Care: Heart Attacks, edited with D.P. Kessler, University of Michigan, forthcoming.

Book chapters:

1. "Medicare reimbursement and hospital cost growth," in D. Wise, ed., *Advances in the Economics of Aging*, University of Chicago Press, 1996.
2. "What is technological change?" with David Cutler, in D. Wise, ed., *Inquiries in the Economics of Aging*, University of Chicago Press, 1998.
3. "Insurance or self-insurance? Variation, persistence, and individual health accounts", with M. Eichner and D. Wise, in D. Wise, ed., *Inquiries in the Economics of Aging*, University of Chicago Press, 1998.

4. "Where does the money go? Medical expenditures in a large corporation," with D. Wise, in A. Garber, ed., *Issues in Health and Aging in the United States and Japan*, University of Chicago Press, forthcoming.
5. "Incitations et financement des hopitaux: le partage prospectif et retrospectif des couts," in S. Jacobzone, ed., *Economie de la Sante*, Paris: INSEE, 1998.
6. "The feasibility of medical savings accounts," with M. Eichner and D. Wise, in J. Poterba, ed., *Tax Policy and the Economy*, Vol. 11, MIT Press, 1997.
7. "Diagnosis and medical expenditures at the end of life," with A. Garber and T. MaCurdy, in D. Wise, ed., *Frontiers in the Economics of Aging*, University of Chicago Press, 1998.
8. "Health events, health insurance, and labor supply: evidence from the Health & Retirement Study," in D. Wise, ed., *Frontiers in the Economics of Aging*, University of Chicago Press, 1998.
9. "Persistence of medical expenditures among elderly beneficiaries," with A. Garber and T. MaCurdy, in A. Garber, ed., *Frontiers in Health Policy Research*, Vol. 1, MIT Press, 1998.
10. "The distributional effects of Medicare," with J. Lee and J.S. Skinner, in J. Poterba, ed., *Tax Policy and the Economy*, Vol. 13, 1999.
11. "The quality of for-profit and not-for-profit hospitals," with D. Staiger, in D. Cutler, ed., *Ownership in the Health Care Industry*, University of Chicago Press, forthcoming.
12. "Prices and productivity for heart disease," with D. Cutler, J. Newhouse, and D. Remler, in E. Berndt, ed., *Productivity Studies in Health Care*, University of Chicago Press, forthcoming.
13. "Productivity change in heart attack care, 1975-1995: A literature review and synthesis," with P. Heidenreich, in E. Berndt, ed., *Productivity Studies in Health Care*, University of Chicago Press, forthcoming.
14. "Evaluating health care providers," with D. Staiger, in A. Garber, ed., *Frontiers in Health Policy Research*, Vol. 2, MIT Press, forthcoming.
15. "Biomedical research and then some: The causes of technological change in heart disease care," in K. Murphy and R. Topel, eds., *The Value of Biomedical Research*, Chicago: University of Chicago Press, forthcoming.

Papers submitted for publication:

1. "The incidence of Medicare," with J.S. Skinner.
2. "Treatment effect estimation with observational data: validity and interpretation," with H. Noguchi.

3. "The quality of health care providers," with D. Staiger.
4. "Are we inhibited? Renal insufficiency should not preclude the use of ACE inhibitors for patients with acute MI and depressed left ventricular function," with C.D. Frances, H. Noguchi, W. Browner, and B. Massie.
5. "The marginal benefits of medical technology," with J.P. Newhouse.
6. "The determinants of technological change in heart attack treatment," with D. Cutler.
7. "The effects of hospital ownership on medical productivity," with D. Kessler.
8. "The relationship between intensive procedure use and patient outcomes in elderly patients with acute myocardial infarction in the United States and Canada, 1988-1994," with L. Pilote, F. Lavoie, and O. Saynina, 1999.

Working Papers:

1. "Is More Information Better? The effects of health care 'report cards'," with D. Dranove, D. Kessler, and M. Satterthwaite, 2000.
2. "The economic consequences of health events," with T. Falba, 1999.
3. "Medical spending near the end of life: an update," with J. Geppert, 2000.
4. "The determinants of health," with V. Fuchs, 2000.
5. "Hospital quality, treatment effects, and health outcomes: the effects of differences in medical practices," with J. Geppert and D. Staiger, 2000.
6. "Understanding disability trends in the elderly: Disease prevention and disease management," with L. Yang, 2000.

BOB DOLE

July 11, 2001

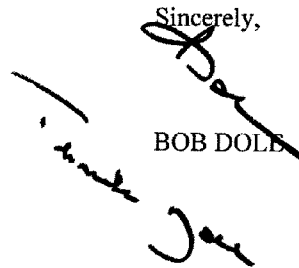
Dear Paul:

I was looking forward to testifying in support of Sheila Bair. Unfortunately, I wound up in the hospital and can't be there. I know you understand.

Perhaps my statement can be inserted into the record.

If there are any questions, I should be up and around in a few days.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Dole", is written over the printed name. The signature is stylized with a large initial "B" and a long, sweeping underline.

BOB DOLE

The Honorable Paul S. Sarbanes
Chairman
Senate Committee on Banking, Housing
and Urban Affairs
Washington, DC 20510

STATEMENT OF SENATOR BOB DOLE

JULY 12, 2001

Mr. Chairman, Members of the Committee, it is my honor and pleasure to have the opportunity to introduce to you today Ms. Sheila Bair—President Bush's nominee to be Assistant Secretary of the Treasury for Financial Institutions.

In Sheila Bair, the President has chosen a talented and a dedicated individual, someone well-suited to lead the operation and regulation of financial institutions, and the promotion of consumer access and the protection in financial services. I am proud to offer my strong support for this nomination.

Sheila is a fellow Kansan, receiving her undergraduate and law degrees from the University of Kansas. She has many other attributes and I am confident you will agree with my assessment.

I have known Sheila for the better part of the last two decades. Earlier in her career, she served as my Counsel on the Senate Judiciary Committee, handling issues including Civil and Constitutional Rights, Intellectual Property, and Judicial Reform. As I am sure many of you can recall, she was an irreplaceable member of my staff, someone who I had every confidence in, who I counted on for advice and analysis, and she never failed me in this role.

After assisting my Presidential Campaign in 1988, she served as a Legislative Counsel to the New York Stock Exchange. In 1990, she waged a strong race as a Congressional candidate. She lost the Republican nomination by less than 1 percent—a total of 760 votes.

In 1991, President Bush appointed her to the Commodities Futures Trading Commission. In 1993, she served as Acting Chairman, where she oversaw the completion of a major study on "The Growth of Off-Exchange Derivatives Instruments." In 1994, she was reappointed to the Commission by President Clinton.

In 1995, Sheila was named the Senior Vice President of the New York Stock Exchange, returning to Head the Government Relations Division, representing the Exchange on Federal, State, and local matters. During this time she had extensive relations with this Committee, as well as the House Commerce Committee and the Securities and Exchange Committee. Sheila remained a Consultant to the Exchange until early this year.

I had the pleasure of traveling up to New York with her to ring the closing bell of the New York Stock Exchange in May of 1999. The Dow had just passed 10,000. I am sure many of you have been there but it was something I had never done before and it was a great experience.

We need someone in this position who has knowledge of financial institutions and who has "been there." Someone who can really add value to this Administration's effectiveness in promoting the interests of business, consumers, and ultimately the American people.

Our financial institutions are the finest in the world. They are strong and dynamic and changing. Sheila's work history highlights her unique qualifications for serving successfully in this post at the Department of the Treasury. Her experience speaks for itself. Knowing her as a staff member, a colleague, and a friend, I can assure you the President has chosen a highly qualified candidate.

Mr. Chairman, I want to thank you and the Members of this Committee again for affording me the opportunity to introduce Sheila and convey to you my strong support for her confirmation.

NOMINATIONS OF:

**MELODY H. FENNEL, OF VIRGINIA
TO BE ASSISTANT SECRETARY FOR
CONGRESSIONAL AND INTERGOVERNMENTAL
RELATIONS, U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT**

**MICHAEL MINORU FAWN LIU, OF ILLINOIS
TO BE ASSISTANT SECRETARY FOR PUBLIC
AND INDIAN HOUSING, U.S. DEPARTMENT
OF HOUSING AND URBAN DEVELOPMENT**

**HENRIETTA HOLSMAN FORE, OF NEVADA
TO BE DIRECTOR OF THE U.S. MINT**

**LINDA MYSLIWY CONLIN, OF NEW JERSEY
TO BE ASSISTANT SECRETARY OF
COMMERCE FOR TRADE DEVELOPMENT**

**MICHAEL J. GARCIA, OF NEW YORK
TO BE ASSISTANT SECRETARY OF
COMMERCE FOR EXPORT ENFORCEMENT**

THURSDAY, JULY 26, 2001

**U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
*Washington, DC.***

The Committee met at 2:35 p.m., in room SD-538 of the Dirksen Senate Office Building, Senator Paul S. Sarbanes (Chairman of the Committee) presiding.

OPENING STATEMENT OF CHAIRMAN PAUL S. SARBANES

Chairman SARBANES. The Committee will come to order.

There is a vote on and we anticipate that other colleagues will be joining us, and I know there were some Senators who wished to introduce nominees that are before the Committee. We, of course, will accommodate them when they arrive.

Today, the Senate Committee on Banking, Housing, and Urban Affairs will be holding nomination hearings on five nominees for positions in the Administration.

Linda Conlin to be Assistant Secretary for Trade Development at the U.S. Department of Commerce; Melody Fennel to be Assistant Secretary for Congressional and Intergovernmental Relations at the U.S. Department of Housing and Urban Development; Henrietta Fore to be the Director of the U.S. Mint; Michael Garcia to be Assistant Secretary for Export Enforcement at the U.S. Department of Commerce; Michael Liu to be Assistant Secretary for Public and Indian Housing in the U.S. Department of Housing and Urban Development.

I want to welcome all of the nominees before the Committee and thank them for appearing today. We appreciate the importance of the Administration being able to fill its top positions and therefore we hope to be able to act on these nominations in an expeditious manner. The Committee has been trying to do that throughout the course of the new Administration in an effort to help them get their people on the job.

We are going to divide the five nominees into two panels. Our first panel will consist of the two nominees for positions at HUD. Afterwards, we will take the other three nominees on the second panel, the Director of the Mint and the two nominees for the Department of Commerce.

Why don't the two HUD nominees come forward and take seats at the table.

[Pause.]

I, along with many Members of this Committee, have had the pleasure of working directly with our first nominee, Melody Fennel, who is well-known and well-respected by all Members of this Committee. She has worked on housing issues for the Committee for the past 5 years, both with Senator D'Amato and with Senator Gramm. Her knowledge of Congress and her impressive background in housing will, we believe, serve her well in her capacity as Assistant Secretary for Congressional and Intergovernmental Relations.

Melody Fennel has worked on affordable housing issues for 13 years in various capacities, because in addition to her time on the staff of this Committee, she has held positions at the National Council of State Housing Agencies and the National Association of Home Builders.

Ms. Fennel has been a tremendous asset to this Committee and the work we do on housing issues. She gave us invaluable assistance a few years ago when we developed the Bipartisan Public Housing Reform legislation and she has always worked well with all Members of the Committee and their staffs in addressing the difficult issues that arise regarding housing and HUD.

I think it is fair to say we will certainly miss her presence on the Committee, but we recognize the significant responsibility and indeed honor for her to serve in the Administration. I think we all wish her success in her new position. I think the view on this side of the table is that the Administration is very fortunate to get her.

And if people have not yet drawn the obvious conclusion, I do not think this is going to be a difficult nomination.

[Laughter.]

Our other HUD nominee is Michael Liu, who has been nominated to be the Assistant Secretary for Public and Indian Housing.

Mr. Liu also has an impressive background, having held office in both the Hawaii State Senate and Hawaii House of Representatives. He has held numerous positions in banking and is currently Senior Vice President for Community Investment for the Federal Home Loan Bank of Chicago. Prior to this position, he served as a Community Builder Fellow at HUD for a year. He previously has served in the first Bush Administration as a Deputy Under Secretary and a Deputy Assistant Secretary at the U.S. Department of Agriculture. He holds a B.A. from Stanford University, and a law degree from the University of Hawaii.

Mr. Liu faces some serious challenges ahead. He will be responsible for overseeing the Nation's largest housing assistance programs, the very programs that address the needs of the poorest Americans. The Public Housing and Section 8 programs are critical in meeting the needs of families who are otherwise unable to afford decent and safe housing.

Both he and Ms. Fennel have their work cut out for them. I have expressed to both of them the need to ensure that HUD's programs are adequately funded. Regrettably, the Administration's budget request this year had serious cuts in the area of public housing, and I hope that with Mr. Liu's work as Assistant Secretary, next year's budget request will not underfund these necessary programs.

I look forward to working with both of the nominees to make HUD's programs work more effectively, and to address the significant housing crisis in this country.

Now, Senator Akaka, I know that you wanted to say a few words of introduction with respect to Mr. Liu, and I yield to you for that. Then Senator Reed, I do not know if you have any opening comment. We will follow along before we turn to the nominees.

Senator Akaka.

STATEMENT OF SENATOR DANIEL K. AKAKA

Senator AKAKA. Thank you very much, Mr. Chairman.

Senator Sarbanes, Senator Gramm, Members of the Banking Committee, it is a real pleasure for me to present to the Committee Michael M.F. Liu and to present him for confirmation as Assistant Secretary for Public and Indian Housing.

I would also like to welcome Susan, Mr. Liu's wife, and their son, Nicholas. Hi, Nick.

[Laughter.]

They have traveled from their home in Illinois to attend this hearing today, and I want to say to Mike Liu and the family, aloha. Mike is well-qualified to be the Assistant Secretary for Public and Indian Housing, and I want you to know that I fully support his confirmation.

The Office of Public and Indian Housing is vital to many families who benefit from housing programs. Based on Mike's impressive credentials in housing, banking, and public policy, I have every confidence in his ability to ensure that the Office of Public and Indian Housing achieves its mission which includes the implementation of public housing programs and coordination of departmental housing and community development programs for Native American Indians, Alaska Natives, and Native Hawaiians.

In his current position as Senior Vice President and Community Investment Group Head for the Federal Home Loan Bank of Chicago, Mike is responsible for a number of housing initiatives to assist families to purchase their first home, build affordable housing, and help low- and moderate-income residents improve their communities. Mike's experience in both the public and in the private sectors has afforded him the opportunity to address many public housing issues.

As a State legislator in Hawaii, Mike served as the Ranking Member of the Housing Committees in both the State House of Representatives and the State Senate. In addition, Mike has served on boards of nonprofit organizations that build affordable rental housing and serve tenants of public housing. He also was a Community Builder Fellow at the U.S. Department of Housing and Urban Development where he gained valuable insight into the operations of HUD, and firsthand knowledge of HUD's Section 8 voucher program.

While I have only touched on a few areas of Mike's professional experience and capabilities, I believe that his management, financial, and housing background clearly illustrate his qualifications for this position. I believe he is an excellent choice to be Assistant Secretary for the Office of Public and Indian Housing. As such, I am pleased to give my full support to Michael Liu's confirmation as the Assistant Secretary, and urge the Committee to act favorably on his nomination.

Thank you, Mr. Chairman and Members of the Committee.

Chairman SARBANES. Thank you very much, Senator Akaka.

Senator Reed.

COMMENTS OF SENATOR JACK REED

Senator REED. Thank you very much, Mr. Chairman.

Let me welcome Mr. Liu and Ms. Fennel. You are going into a Department that is critical to the lives of so many Americans. One of the basic obligations I believe that we have is to provide safe, decent, affordable housing for all of our citizens. Frankly, we have fallen behind in that obligation. I know you are going to use your ingenuity and your creativity to try to make the programs more efficient and the reach more effective. But ultimately it will come down, as the Chairman suggested, to appropriate resources.

I would hope, as you go forward, you would not be bashful about asking, indeed demanding, within the Department, with OMB, and the Congress for the resources that are necessary to keep people well-housed in this country. I thank you both.

Thank you, Mr. Chairman.

Chairman SARBANES. It is the standard procedure of the Committee with respect to its nomination hearings to place the nominees under oath, so I would ask you both now to please stand.

[Witnesses sworn.]

Chairman SARBANES. We would be happy to hear your opening statement. If you have any members of your family here that you wish to present, we would be very pleased for you to do that. Why don't we start with Ms. Fennel.

**STATEMENT OF MELODY H. FENNEL, OF VIRGINIA
TO BE ASSISTANT SECRETARY FOR CONGRESSIONAL
AND INTERGOVERNMENTAL RELATIONS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Ms. FENNEL. Thank you, Chairman Sarbanes, Subcommittee Chairman Reed, and Senator Akaka. It is my pleasure to introduce my mother, Mary Lee Fennel, and my brother, Mark Fennel. I have been blessed with a family that has made many told, and even more untold, sacrifices for me.

I am deeply grateful to President Bush and Secretary Martinez for according me the honor of this nomination. I anticipate the charge for which I have been nominated with great humility. Chairman Sarbanes, I thank you for your willingness to consider me for confirmation and for supporting the nominations process during such a busy time. Over the last 6 years, I have staffed hearings in this very room with approximately 200 witnesses. This has taught me many important lessons. First and foremost, a witness should be brief.

[Laughter.]

Members of the Senate Banking Committee, I sit before you with true admiration, as a staff aide that has witnessed firsthand your steadfast dedication to your principles and the pursuit of what you believe is right for our fine Nation. I sit before my Staff Director and my colleagues on both sides of the aisle with great respect for their ethics, their commitment to public service, and their strength of spirit. I only hope that I will continue my service with the courage Senator Gramm, my wise leader, has entrusted in me.

In 1780, Abigail Adams wrote to her son, who later became our sixth President, "Justice, humanity, and benevolence are the duties you owe to society." If confirmed, it would be my duty to assist the President and the Secretary in providing this justice—a justice that proffers help to our citizens who are truly in need, and assures that the monies from those that give are used honestly and efficiently. To ensure this, a close relationship between the Executive and the Legislative Branches is essential—and while there is a necessary separation between the Administration and Congress, there also exists a symbiotic relationship that I would endeavor to strengthen. If confirmed, I personally pledge to you that the Administration's housing and economic development proposals will be presented to Congress in an open and forthright manner in order to ensure the full opportunity for a comprehensive dialogue.

In closing, I offer my thanks to God, to His Name be the glory. Thank you.

Chairman SARBANES. Thank you very much.

We have been joined by Senator Hutchison.

Kay, are you under some time pressure?

Senator HUTCHISON. Mr. Chairman, I am. I am sorry. I have a 3 o'clock commitment.

Chairman SARBANES. Mr. Liu, I think that we will defer your statement for the moment and we will give Senator Hutchison an opportunity to introduce Ms. Fore.

**STATEMENT OF KAY BAILEY HUTCHISON
A U.S. SENATOR FROM THE STATE OF TEXAS**

Senator HUTCHISON. Thank you so much, Mr. Chairman. I appreciate it very much because although I am not her Senator I wish she were my constituent because I have known Henrietta Holsman Fore quite a while.

Chairman SARBANES. If she would be able to become your constituent, we would all be in danger; we would be worried that we would be losing all of our constituents.

[Laughter.]

Senator HUTCHISON. This is true. We want good people in other States as well. As you know, she has been nominated to be Director of the U.S. Mint. She comes to this office very qualified. I have known her in an organization called "The Committee of 200" which is a businesswomen's organization of the leading businesswomen of our country of which Henrietta is one. She is President and Chairman of Stockman Products which manufactures and distributes steel products, cement additives, and wire building materials, as well as CEO of Holsman International, an investment and management firm.

She has the qualifications to be the Director of the Mint, which I think is a management job and it is a manufacturing job and one that I think she will take very seriously. How we can be efficient and produce a quality product, and that is what we all want.

She has served in several other Administration positions. She has been a Senior Associate at the Center for Strategic and International Studies, as well as being a leader in women's business circles in our country.

I recommend her highly and I hope that you will look favorably on her nomination and expedite it at your will.

Chairman SARBANES. Thank you very much.

Senator HUTCHISON. Thank you.

Chairman SARBANES. We certainly appreciate your coming and speaking on her behalf. I know you have to leave. We are happy to excuse you.

Mr. Liu, why don't we hear your statement now?

**STATEMENT OF MICHAEL MINORU FAWN LIU, OF ILLINOIS
TO BE ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Mr. LIU. Thank you, Chairman Sarbanes, and Senator Reed. It is really a privilege to be able to appear before you today as part of the confirmation process.

By way of reintroduction again, let me note that my wife, Susan Orlando Liu, and my son, Nick, are here with us.

Chairman SARBANES. Recording it for posterity.

Mr. LIU. Yes, for posterity, perhaps a budding Stephen Spielberg in the making. But I would definitely not be here without their support, and enduring patience.

My public and professional career has now spanned over 23 years, first as a Delegate to my home State's Constitutional Convention, then as a State legislator, followed by work in community development banking and law. My upbringing includes living in

public housing as a youngster; experiencing America's post-World War II transformation into a more diverse and tolerant society, much of that through the immigrant experiences of my mother; and being provided the opportunity to compete and to succeed in educational and career endeavors that have linked me to various communities on the local, State, and national levels.

I am no stranger to issues affected by Public and Indian Housing policies as described so kindly by Senator Akaka. I have spent many years in the State legislature dealing with issues that relate to public housing. Many of my constituents in the districts that I represented had a tie or were tenants of public housing. It also included the well-established Department of Hawaiian Home Lands Papakolea Homestead, affording homeownership.

Affordable housing, both homeownership and rental, has been a key area in which I have been involved for many years. While with the U.S. Department of Agriculture as Deputy Under Secretary for Small Community and Rural Development, I oversaw implementation of new guaranteed loan programs for both single-family and multifamily housing in rural America. At Bank of America, I worked on a number of single-family mortgage and multifamily grant programs to help address Hawaii's high-housing costs. In my current role as Senior Vice President and Community Investment Officer for the Federal Home Loan Bank of Chicago, I have managed an affordable housing grant program that allocates between \$14 and \$16 million annually, and a \$600 million portfolio of community investment credit projects, most of which are for housing. In all of these experiences, I have had extensive contact with housing authorities both large and small.

With fundamental adjustments occurring in how the clients of public housing and communities at large are seeing issues regarding housing, a plethora of program and regulatory changes have been enacted. Most of these adjustments have been for the better, giving local, State, and Federal authorities more options in framing programs to match local conditions. I look forward to the challenge of managing these changes in collaboration with Public Housing's many partners. And in this context, I see management as including attention to the nuts and bolts of resource allocation for the support of Public and Indian Housing within HUD.

The renewed interest in creative and efficient use of public housing assistance is an integral part of housing goals as described by Secretary Martinez before this Committee. For example: The use of Section 8 vouchers for down payment accumulation, and application of vouchers toward monthly mortgage expense.

There have been great strides in addressing housing issues related to Indian Housing, including the ability to secure mortgages through an ever-growing variety of leases on tribal lands. I will support the coordination of efforts between and among the various Federal agencies with native peoples' programs. And more can be done, especially in the educating of private sector banking interests to the potential of markets available under programs administered by Indian Housing and the Office of Native American Programs.

If fortunate enough to be honored by confirmation by the U.S. Senate, I will be a manager and an advocate for fair and common sense delivery of Public and Indian Housing program resources. I

understand that it is important to recognize the past in order to effectively move into the future. I also understand that for the families affected by Public and Indian Housing, the future is often very much on the near, rather than on the far horizon, so that timely action must accompany efforts at prudent planning.

Mr. Chairman and Members of the Committee, I appreciate your indulgence. This concludes my testimony. I stand ready to address any questions or comments you may have.

Thank you.

Chairman SARBANES. Thank you very much.

We have been joined by Senator Allard. Wayne, do you have an opening statement?

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Mr. Chairman, I do have a brief statement. I would like to welcome our nominees here today and I look forward to their testimony. I would also like to thank you, Mr. Chairman, for moving the nominees so quickly through the Banking Committee. As Ranking Member of the Housing Subcommittee, I am particularly pleased to see us get nominees confirmed at HUD.

I have met with most of the nominees here today. They all strike me as very qualified. However, I must single out Melody Fennel. Melody has been the Banking Committee's expert on housing at HUD throughout my tenure as Chairman and now Ranking Member of the Housing and Transportation Subcommittee. She has been very helpful to me and I am going to miss her a great deal.

I will say, however, that it will be very nice to have an old hand in Congressional relations at HUD. While we will miss her on the Committee, we will not lose her expertise and talents. I look forward to continuing to work closely with her in the years ahead.

Thank you, Mr. Chairman.

Chairman SARBANES. Very good. I have a few questions I want to put, first to Ms. Fennel.

Given your experience up here, tell us what qualities or performances you think would be important in the Office of Congressional Intergovernmental Relations. What have you perceived from this vantage point that you can now put to work when you go downtown into the Department?

Ms. FENNEL. Thank you, Senator.

My first objective for HUD's Congressional Affairs Office is to improve communications with the Hill. First and foremost, the Office should be responsive to every Member of Congress with accurate, complete, and timely information. That kind of healthy dialogue is what we need to achieve the ultimate goal for the Office—to work together with Congress and other Government entities, as well as public and private interest groups to improve housing and economic development situations in our country.

Chairman SARBANES. I was very much taken with the sentence in your statement about pledging that the Administration's Housing and Community Development proposals will be presented to Congress in an open and forthright manner in order to ensure the full opportunity for a comprehensive dialogue.

I definitely concur with that, and I think that is a very important perception on your part, and we look forward to having such an

open and forthright dialogue. I think it is very important. Obviously, anything you can do to encourage others in the Department to take the same attitude, we would appreciate.

I have not yet heard from House Members, but conceivably they might get in touch with me with a concern that you might show favoritism toward the Senate in terms of carrying out your responsibilities.

[Laughter.]

Should they do that, what should I tell these concerned House Members?

[Laughter.]

Ms. FENNEL. I do have a great appreciation for the Senate and it has been my home for 6 years. I am very sad in many ways to leave it, but I think you can assure them that all Members will be treated equally.

[Laughter.]

Chairman SARBANES. What a good answer.

[Laughter.]

Mr. Liu, let me turn to you for just a couple of moments. You worked as a Community Builder Fellow at HUD for a year. Do you think that experience was beneficial and worthwhile?

Mr. LIU. For me personally it was, sir. In fact, I was able to do some things specifically related to public housing. I was able to actually go out into the field and do some housing inspections under the Section 8 voucher program within the District, and it was very valuable. In actually seeing what inspectors do, I was also able to work with residents at the Capitol View Plaza Project in Southeast that was undergoing major changes because of safety issues and health issues at that project, and our need to relocate the residents there. So from that aspect, as well as from a larger sense in seeing some of the programs, and how they interrelated at HUD, it was a good experience.

Chairman SARBANES. Did you feel that your work as a Community Builder, and that of others who were there as Community Builders was beneficial to HUD? You have said it was beneficial to you. Do you feel it was of benefit to HUD?

Mr. LIU. Mr. Chairman, I really did not get to see enough of the total panoply of how all of the builders were interrelating in other offices, so it is very difficult for me to say that, as a whole, it was good or bad.

Chairman SARBANES. Did you meet enough of the other Community Builders who had been appointed to form any opinion about how qualified or competent they were? What was your impression of your fellow Community Builders?

Mr. LIU. Those I had the most interaction with were very committed and they were folks that had a lot of qualities and could make them of value to HUD. The key issue at that point in time was whether or not they would be provided the actual training in the substantive programs where they could actually add value, both in the field or back at headquarters.

Chairman SARBANES. The Administration's budget request proposes to reduce the Section 8 reserves from 2 months to 1 month. That is a proposal that was made. But during the negotiated rule-making on the Housing Certificate Fund, HUD officials said that

reducing their reserves to 1 month would represent a serious threat to housing baseline families. Are you familiar with HUD's position at all in terms of doing the negotiated rulemaking?

Mr. LIU. In a general fashion, sir, but I am not informed on the actual details of that.

Chairman SARBANES. I would appreciate it if, in view of that position, you take a very careful look at this when you go back to the Department. Again, it is an easy way to pick up some money, but it may run counter to the kind of standards we want to apply. If you shorten it from 2 months to 1 month, you are in a sense cutting the reserve you need in half. The rationale earlier was they needed 2 months in order to forestall any threat to this baseline housing, so if you would take a look at that, I would appreciate it.

I see my time has expired. I yield to Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman. I would just reemphasize again that during my tenure with Melody on the Housing and Transportation Subcommittee, my staff and I have had the pleasure of working with you on a number of occasions. I have always found you to be knowledgeable, dedicated, conscientious, and hardworking, and I hope that we will be able to continue to rely on you in your new capacity at HUD.

We will have the record show that she shook her head in a positive manner.

[Laughter.]

Mr. Chairman, you so thoroughly grilled her unmercifully, I do not think I can add any more to your line of questioning.

[Laughter.]

I do have one brief question for Mr. Liu. There are a number of housing agencies, such as Puerto Rico, which have serious problems and have not been officially designated by HUD as troubled housing authorities. Does this concern you, and are you going to work with this Committee to help identify and clean up troubled housing authorities?

Mr. LIU. Senator, I assure you that I will work with all Members of Congress, yourself, and others, and any who are interested in those issues. I understand there are actions going on right now to address some of the concerns there, and I hope, if I am fortunate enough to be confirmed, to be able to come back and report that we have made significant progress in those areas.

Senator ALLARD. We look forward to hearing your report, and look forward to working with you.

Thank you, Mr. Chairman.

Chairman SARBANES. Senator Corzine.

COMMENTS OF SENATOR JON S. CORZINE

Senator CORZINE. First of all, I want to congratulate the nominees and look forward to working with you, if you are confirmed, and I expect there is a good chance of that. Let me actually pull in a lobbying word, something that is working its way back into the process that was left out of the HUD budget request. That is the Drug Elimination Program.

Mr. Liu, have you had a chance to examine the program? I have heard from more public housing advocates and agencies in New Jersey with regard to this than almost any other issue with regard

to housing. Have you had a chance to evaluate it? Do you have an opinion yourself? Can I count on you to be an inside voice to support a program which I think, at least the community thinks, is very important?

Mr. LIU. Senator, I am certainly aware that there is a lot of concern over that issue. I believe that based on my conversations with the folks over at HUD, as well as the Administration, that clearly there is no disagreement, I think, in the need to deal with the issue of drug elimination in relation to public housing. To the extent that we can work toward the common goal, certainly I will take a close look at the issue of resources I think HUD will do what needs to be done in order to address the issues of concern.

Senator CORZINE. I will just comment that we asked Secretary Martinez the same question at his confirmation hearing, and got positive remarks and then the budget had it eliminated, so I am somewhat insecure with regard to this issue. And it is something I know, at least for those in New Jersey, they feel very strongly about it being included as we go forward.

Thank you, Mr. Chairman.

Chairman SARBANES. That was a very good question. I want to point out that the Senate Appropriations Committee has reported out a bill that has virtually restored the cuts that were made in the public housing area in the Administration's budget, both on the Drug Elimination Program and on the Public Housing Capital Fund. And the Committee, having done that, I hope the Administration will now be supportive of that change.

I think one of your biggest challenges is to ensure that you have sufficient resources for these programs. The Committee has tried to provide them and I hope the Department will pick up on that and carry it through.

Let me just ask you a couple of questions about the Capital Fund. This money helps housing authorities repair and upgrade their public housing stock. And as you noted, you have had such stock in your districts when you were an elected member of the Hawaii legislature, and of course you served on the committees of the Hawaii legislature that dealt with housing in both the House and in the State Senate, as I understand it.

The Administration, when they cut the \$700 million in the Capital Fund, uses a justification that the public housing authority had unexpended capital funds. But are you familiar with the data? Actually, it was provided by HUD itself, which showed virtually all the public housing authorities are expending capital funds well within their statutory timeframe? In the Public Housing Reform Act, which I discussed earlier with Ms. Fennel, we put in Senator Mack, who took the lead on that, we worked out a provision to put the public housing authorities within a statutory framework in terms of obligating and then spending these funds so they do not spend them all at once. We have sort of a pipeline that we have to continue as a continuum. Are you familiar with the data that showed they really were working within that framework and not outside of it?

Mr. LIU. Senator, I have had a chance to look at the information. I have not had a chance to digest all of the implications of that information. I can assure that upon confirmation, I will certainly be

spending a significant portion of time ensuring that the resources that are needed to meet the capital requirements of public housing will be met, both short and long term.

Chairman SARBANES. Also on this very same point, the ABT study, A-B-T, has been cited for the proposition that public housing authorities are only capable of spending \$2.3 billion annually. They do not have a more stepped-up capacity. Actually, the study did not say that they do not have the capacity to spend additional capital funds. What it said was that they accrue \$2.3 billion in new capital needs each year. That is what is added onto their needs, and that they had a great need for additional capital funds, because they have a backlog of capital needs of some \$22 billion.

I hope when you go down there you will take a look. We have this existing housing stock. It is providing very important affordable housing. I think it is very important that we maintain it, that we not allow it to deteriorate. We have allowed too much of that to happen, the consequence of which is, we end up tearing it down. We then have the problem of replacing it, and the expense of replacing it. And I think it simply behooves us to make sure that to the extent we can, we keep this stock in usable condition in order to meet the affordable housing needs of our people.

So the area that is within your jurisdiction is an area of keen interest to Members of this Committee, as you can appreciate yourself, having been a legislator confronting these affordable housing needs. We look forward to a very close interaction with you.

Are there any further questions?

[No response.]

We thank this panel very much. We would now like to excuse you and ask the other three nominees to come forward.

[Pause.]

For our second panel this afternoon, I am pleased to welcome before the Committee Ms. Henrietta Fore, who has been nominated to be the Director of the U.S. Mint, and two nominees for the Commerce Department, Linda Conlin, who has been nominated to be Assistant Secretary for Trade Development, and Michael Garcia, who has been nominated to be Assistant Secretary of Commerce for Export Enforcement.

Ms. Fore is a graduate of Wellesley College, received a master's degree in Public Administration from the University of Northern Colorado, has studied both at Oxford and Stanford. She is currently the Chairman and President of Stockton Products, a manufacturer of steel products, cement additives, and wire building materials in Las Vegas, Nevada, and is also Chairman and CEO of Holsman International, a DC-based investment and management company.

In addition to this extensive private sector experience, Ms. Fore has held Presidential appointments at the U.S. Agency for International Development as Assistant Administrator for Asia and the Assistant Administrator for Private Enterprise and has been confirmed in both of these positions previously by the Senate. Actually, I sat on the Foreign Relations Committee when we considered those nominations.

Since 1993, Ms. Fore has been a Senior Associate at the Center for Strategic and International Studies in Washington. She's a

trustee of The Aspen Institute, The Asia Foundation, and the National Public Radio Foundation.

She founded and served as first chair in the early 1990's of the United States-Asia Environmental Partnership, a coalition of business, Government, and community organizations from the United States and 31 Asian countries.

Ms. Conlin received her undergraduate degree from the University of Massachusetts. She spent the first 10 years of her career serving as President of the Park-Main Travel Agency in Massachusetts, which I understand was a family business, then worked as Protocol Officer at the State Department, and as Corporate Liaison at the U.S. Information Agency.

She previously served as an Assistant Secretary of Commerce for Tourism Marketing from 1989 to 1993 under the first President Bush, and then was the Executive Director for Travel and Tourism of the New Jersey Commerce and Economic Growth Commission for the balance of the 1990's. Recently, she has been running her own consulting company.

Clearly, her prior service in the Commerce Department, as well as her service in State government should be very useful for overseeing the Office of Trade Development at the Commerce Department. The Office of Trade Development is responsible for conducting analysis of the different sectors of the U.S. economy. It has a staff of 400, including a large number of economists and experts on a range of U.S. industries.

The Office of Trade Development performs the sectoral analysis that supports international trade negotiations carried on by the U.S. Trade Representative. It also oversees the Commerce Department's Advocacy Center, which assists U.S. companies in competing for contracts for major capital projects abroad. The Assistant Secretary for Trade Development is a very important part of the Commerce Department's export promotion efforts, something in which this Committee has taken a keen interest, and I am hopeful Ms. Conlin will provide the strong leadership which it requires.

Finally, Mr. Garcia received his undergraduate degree from the State University of New York at Binghamton and his law degree from the Albany Law School. After law school, he worked for a year as an Associate Attorney in the law firm of Cahill Gordon & Reindel in New York, then as a Law Clerk to the Honorable Judith Kaye of the New York State Court of Appeals, one of our country's most distinguished State court judges.

Since 1992, he served as Assistant United States Attorney for the Southern District of New York, which is a training ground—well, just let me say it seems to me to be a superb training ground for lots of people in Government service. In that capacity he has prosecuted a number of cases involving terrorist attacks, including the bombing of the World Trade Center in New York and the bombing of U.S. Embassies in Kenya and Tanzania. These cases have obviously given Mr. Garcia familiarity with the challenge of prosecuting cases in which foreign citizens and foreign countries are involved, as well as in dealing with the U.S. intelligence and national security communities.

The nomination of a Federal prosecutor as Assistant Secretary for Export Enforcement sends a strong message that enforcement

of our export control laws will be taken seriously by the Department of Commerce. We hope soon to reauthorize the Export Administration Act—we are working on that now in the Congress—to provide stronger penalties and enforcement tools for the very position to which Mr. Garcia has been nominated. I hope we will be able to move that legislation through so it won't be necessary for him to rely on the weaker penalties which are available under the International Emergency Economic Powers Act.

I just want to enter into the record that I have been impressed thus far with the quality of people that Secretary Evans, the Secretary of Commerce, has attracted to the Commerce Department who have come before our Committee. I am very hopeful that these nominees will become a very strong and effective part of that team.

Before we turn to your opening statements, if you could stand up, I will administer the oath.

[Witnesses sworn.]

Chairman SARBANES. Thank you very much.

If any of you have family here that you wish to introduce, we will be quite happy for you to do that.

Mrs. Fore, why don't we start with you as Director of the Mint, then we will go to the Commerce Department.

**STATEMENT OF HENRIETTA HOLSMAN FORE
OF NEVADA, TO BE DIRECTOR OF THE U.S. MINT**

Ms. FORE. Mr. Chairman, I do have family here. May I introduce my mother, Marta Holsman, directly behind me. She started me on my first coin collection. My sister, Marta Babson, daughter Rebecca Fore, and husband Richard Fore.

Chairman SARBANES. Very good. Thank you. We are very pleased to have you all with us.

Ms. FORE. Senator, mindful of your time, I have submitted a written statement for the record, and I thought I would give you a shorter oral version.

Chairman SARBANES. That is just fine. We will include the full statement.

Ms. FORE. It is a pleasure to be with you, Chairman Sarbanes, Senator Allard, Senator Corzine. I am honored that President Bush has nominated me to serve as Director of the Mint. The President has outlined an Administration that is business-like in its approach to Government. That is the approach that I intend to take.

When the Senate and House assembled in 1792 in Philadelphia, they passed the Coin Act to set the standards for a mint to create the Nation's coinage and protect the Nation's treasure. Americans have come to expect a safe and reliable currency in our pockets and in our cash registers. Our currency must be smart, with an electromagnetic signature, and it must be durable, to last 30 years.

Our coinage must tell the story of our Nation, passing along the chronicle of our rich heritage. I believe in the idea that every American should serve our country. I was pleased to see Senator Kay Bailey Hutchison, and I thank her for being here.

I have served in business, Government, and nonprofit sectors. These experiences have exposed me to many different aspects of America's interests, and I believe they better prepare me for the challenge at hand.

It would be an honor to again serve in Government, to work with this Committee, with your staffs, the Senate, and the House of Representatives.

Thank you.

Chairman SARBANES. Thank you.

Ms. Conlin.

**STATEMENT OF LINDA MYSLIWY CONLIN, OF NEW JERSEY
TO BE ASSISTANT SECRETARY OF COMMERCE
FOR TRADE DEVELOPMENT**

Ms. CONLIN. Thank you, Mr. Chairman.

I would like to introduce my friends and family that are here with me today. My husband, Joe, in the second row, my father-in-law, also Joe, my Aunt Clare, and my dear friends, Louise Wheeler and Susan Rose.

Chairman SARBANES. We are pleased to have them with us.

Ms. CONLIN. Thank you, Mr. Chairman.

Mr. Chairman, Senator Allard, Senator Corzine, it is indeed an honor and a privilege to appear before you today as President Bush's nominee to be Assistant Secretary of Commerce for Trade Development. I appreciate the confidence that President Bush has placed in me and the support of Secretary Don Evans and Under Secretary Grant Aldonas.

I thank you for scheduling this hearing during a very busy time in the session. I appreciate your time and look forward, if confirmed, to working with Members and the staff of this Committee.

I have welcomed the opportunity I have had these past weeks to visit with several of the Members who have shared their recommendations, as well as some of their concerns. And if confirmed, I would look forward to continuing the dialogue, meeting with you and your staff on a regular basis.

The vision I would bring to this job, Mr. Chairman and Members, reflects the underlying philosophy for trade and trade development expressed by President Bush and Secretary Evans; namely, that promoting trade, encouraging the free flow of goods and services, capital and ideas, serves not only our economic interests, but also the broader interests of political freedom and a more stable and prosperous world.

I do believe, Mr. Chairman, that my private sector business experience, as well as my 15 years in public service serving at both the Federal and the State level, has prepared me to take on this important challenge. I am, at heart, a businesswoman with a profound respect and enthusiasm for the creativity and courage it takes to own and operate your own business.

I was blessed with a bright and gifted father who gave me my first job out of graduate school—the task of turning a marginal business into a successful and profitable \$4 million business. In the process, I learned some very important business lessons and some very important life lessons which I hope will continue to serve me well as they have throughout my career. For me, creating an environment for businesses to succeed, as well as for the dedicated career professionals who serve them, will indeed be a privilege.

If confirmed as Assistant Secretary for Trade Development, I will focus on three broad areas: Concentrating Trade Development's re-

sources in ways that will best benefit American exporters; expanding the benefits of trade to small- and medium-sized businesses, minority-owned and women-owned businesses; and strengthening Trade Development's relationships with the business community and Government and nongovernment organizations involved in export promotion.

If confirmed, therefore, I will focus the Trade Development team, on the things they do best: Providing critical data and economic analysis which represent the underpinnings of our trade negotiations; managing industry participation in export promotion events; advocating on behalf of U.S. companies seeking foreign government contracts, and also utilizing our wonderful and our marvelous Trade Information Center as the single point of contact within the Government to provide export information and counseling.

In all of these actions, Mr. Chairman and Members, the Trade Development team is on the front-line of action to ensure that U.S. firms have the best tools and the maximum opportunity to compete effectively in world markets.

I will also work to support Under Secretary Aldonas' commitment to extending the benefit of trade to all Americans, for the medium- and small-sized businesses, for minority- and women-owned firms. There is a tremendous opportunity here to reach out to new exporters, as well as encouraging existing exporters to enter new markets.

Last, if confirmed, I will look forward to strengthening our outreach to U.S. industry, including our Industry Advisory Committees, the President's Export Council, as well as the many Federal and State departments and agencies involved in trade development and promotion. And in this regard, I commend the efforts of Chairman Sarbanes in working with Secretary Evans and with Under Secretary Aldonas in focusing on the important role of the Trade Promotion Coordinating Committee. If confirmed, I look forward to supporting you, Mr. Chairman, in maximizing the synergies of the TPCC. Helping businesses to succeed in the global market means helping them to navigate through and access the multitude of resources available.

Finally, on a personal note, I would like to once again thank the important people in my life, my friends and my family, who have created for me an environment to succeed, and especially to my husband, Joe, for his love and his support during this time.

I would like to once again thank President Bush, Secretary Evans, and Grant Aldonas for their confidence and support and take this opportunity to thank the Chairman and Members of the Committee for your time and for your consideration this afternoon.

Chairman SARBANES. Thank you very much for your thoughtful statement.

Mr. Garcia.

**STATEMENT OF MICHAEL J. GARCIA, OF NEW YORK
TO BE ASSISTANT SECRETARY OF COMMERCE
FOR EXPORT ENFORCEMENT**

Mr. GARCIA. Thank you, Mr. Chairman.

I would like to introduce my family. I think you may have heard from some of them already. This is my wife, Liana, and my daugh-

ter, Liana Sofia. I think my son had another meeting in the hallway and is no longer here, but maybe he will return.

Chairman SARBANES. I know that Liana Sofia has been giving us a running commentary.

Mr. GARCIA. All positive.

Chairman SARBANES. That is fine by us. Thank you.

Mr. GARCIA. Chairman Sarbanes, Senator Allard, it is a great honor for me to be here today as the President's nominee for the position of Assistant Secretary of Commerce for Export Enforcement. I thank both the President and Secretary Evans for their confidence and trust in me. If confirmed, I look forward to working closely with you and your staff.

Mr. Chairman, the Bureau of Export Administration, the BXA, has a critical mission: Protecting, indeed, enhancing national security, while preserving the right of American businesses to export their products. I take this responsibility very, very seriously. If confirmed, it will be my privilege to work with the career law enforcement officials within BXA to fulfill our national security and law enforcement mission.

As a former Federal prosecutor, I fully appreciate the critical importance of protecting this country's national security by ensuring that our sensitive technologies do not fall into the wrong hands. I recently successfully prosecuted individuals responsible for the bombings of our Embassies in East Africa. I know firsthand the real danger of our adversaries illegally obtaining U.S. products which can be used against our citizens worldwide.

I look forward if confirmed to leading the enforcement arm of BXA and working alongside Under Secretary Ken Juster and Assistant Secretary Jim Jochum in advancing BXA's important trade control mission. I will work hard to ensure that any violations of U.S. dual-use exports are detected, investigated, and sanctioned. Together with the special agents, intelligence analysts, and other key enforcement staff at BXA, I will dedicate my tenure in Washington to the protection of national security through enforcement of the export laws and regulations.

On a personal note, I want to again thank my wife, Liana, and my children for agreeing to come to Washington with me to serve in this Administration. I take my responsibilities seriously but cannot succeed, and would not be here without their support.

Let me conclude by thanking the Committee for its prompt consideration of my nomination and by reiterating my commitment to work closely and cooperative with you all.

Thank you.

Chairman SARBANES. Thank you very much, Mr. Garcia.

I thank all of you for your statements.

Ms. Fore, let me chat with you for just a few minutes here. Last September, Senator Gramm held a really, I thought, outstanding symposium in this room—I do not know whether you are familiar with it or not—on U.S. Coin Design. He mentioned at the symposium that he wanted, and I am now quoting him: "To begin to look at American coinage and to begin the debate about whether or not we should have a new age of American coinage in which we seek to issue and mint coins that say something about America today, something about America's values, about its history."

He went on to say that he wanted our U.S. coinage to be representative of the greatest Nation in the history of the world. I agree with him in those sentiments, and I really applaud his efforts in trying to focus attention on the design of American coinage and to discuss how to improve those designs. In fact, I hope that you all noticed these coin plaques that are up on the wall. These are the State quarters. And as each quarter is added, a new one for a State, we add a plaque. We are going to have to start down the side of the Committee walls here. That was an idea of Senator Gramm's, and it turned out just by chance that the Maryland quarter ended up right here.

[Laughter.]

It was completely by chance. But that was another initiative of his as well. We heard at that symposium, and we should probably get—I presume there is still a transcript available of it—a copy of it to you. We heard from members of the numismatic community, the Smithsonian, the U.S. Mint, as well as coin collectors. Do you have any views on this issue and question of improving the design of our coins? You are in a strategic position as the Director of the Mint now.

Ms. FORE. As are you, Senator. I read the 1792 Coin Act, and in it it mentions that on one side of the coin we should have an impression of an entity that is emblematic of liberty, as well as the word liberty. Its purpose was to do just what you are saying: To embody the values of this Nation. So, I like that idea.

I have also noticed and have watched with interest how Europe is addressing the Euro and its designs. They are going to have bi-metallic coins, silver-and-gold, gold-and-red coins. I think how Americans have approached the new Sacajawea "Golden Dollar" is very interesting. They are intrigued with the weight, the size, the color. I think it is an area that we should explore, and I would be very pleased to be a partner in exploring what coin designs could look like with you and with the American people.

Chairman SARBANES. We look forward to that. You mentioned the Sacajawea dollar coin that was released at the end of January a year ago I think it was. *USA Today* reported that fewer than half of Americans have encountered the coin, and most who have are saving it rather than spending it. In fact, they say that the Mint reported that over 800 million are in circulation, yet 66 percent of people save the coin and do not circulate it.

Now this is kind of a disconnect.

[Laughter.]

Of course, one of the reasons for doing it was the vending machine business was quite interested in getting these dollar coins and getting them out and working. What, if anything, can be done about this? Or what is the future of this Sacajawea dollar coin? Do you have any thoughts on that?

Ms. FORE. Well, I can only speculate, Senator. But I think the Sacajawea will have a place in our currency. I know that a lot of people have been collecting it. It is very shiny and pretty when you get ahold of one, and you are tempted to just put it aside, because it is different, it is unique, and the coin collecting hobby has really increased with interest due to the quarter program that you have just outlined, as well as to the Sacajawea golden dollar.

So it is a good thing that people are tucking it away in their drawers and pockets, but we would like to get it into circulation. I think just as the American people, I find that I can use both at one time. I want to use a nice golden coin for a bus turnstile. It is simple, it is quick, but then at another, I like that nice, light, flexible dollar bill to go into my wallet. I suspect they can co-circulate, and we will have to study more what the circulation patterns and usage patterns are. But any suggestions by the Committee would be most welcome.

Chairman SARBANES. Thank you. I see my time is up.

Senator Allard.

Senator ALLARD. Mr. Chairman, once in a while a word is mentioned that makes you flashback in some history aspects. My State, for example, as soon as you mentioned bi-metallic, here in the Banking Committee, we used to have a Senator Teller from Colorado, known as the bi-metallic Senator, because he allocated not only the gold standard but also the silver standard, which was very important to the mineral industry in the State of Colorado at that particular point in time.

I have a feeling that you may hear some industry concerns if you talk about a bi-metallic coin, because it does present some certain demands on certain minerals, and obviously it would have an impact on what they may cost and their value. So it is interesting how a term like that will make you flashback on some history that might be pertinent to your State.

Another thing that is happening in Colorado right now that I hope you are aware of, is that we have had some recent problems with error coins leaving our Mint in Denver. While there are questions about how and why these coins are occurring as errors, the fact that they get out of the Mint I think raises some very serious security issues and concerns. My question is, what do you intend to do about security at our Nation's Mints?

Ms. FORE. My goal for the U.S. Mint is that it is the best mint in the world. To be the best mint in the world, errors should be nonexistent. But given the enormous volume demands that the Mint has had in recent years, 20 to 30 billion coins a year, working 7 days, 24 hours, it has an enormous production load.

So, I would like to address the prevention for error coins, how they are currently being handled, and then how they get into circulation both intentionally and unintentionally. I know that the Mint has had a senior management group that has looked at it. They have a study and they have an assessment. I would like to take a look at it and see what they have found out. It is an issue that I think is important, and I will certainly look into it.

Senator ALLARD. Well, I would just reemphasize my feeling. I think attitudes about security starts at the top, whether we are talking about our military security or the State Department, Defense Department, the President's own staff or even here as head of the Mint, and I do think that you can play a key role in how serious Federal employees take the security measures. And so, I would hope that you would send a clear message that security is of real concern to me and I suspect to other Members on this Committee and hopefully yourself.

Mr. Chairman, that is all I have. Thank you.

Chairman SARBANES. Thank you very much, Senator Allard.

Ms. Conlin, one of the challenges facing the International Trade Administration, the ITA, is to make the bureaus responsible for trade promotion coordinate better. You would be the head of one of those bureaus, Trade Development. In addition, you have the U.S. Foreign and Commercial Service and the Market Access and Compliance people. Do you have any thoughts at the moment about how better coordination might be achieved? Not that you necessarily should. But it is a matter of some interest to us, because we want to see a highly effective, functioning Commerce Department, and I think this challenge that the ITA is facing is a very real one.

Ms. CONLIN. Yes, Mr. Chairman. Whether you are coordinating or have the challenge of coordinating the work in export development and promotion among Federal agencies and departments, or whether you are trying to coordinate it within a department itself, it is a challenge. And it is very important to make sure that we are making the best use of our resources.

At our ITA family, as you have just said, Mr. Chairman, we have a number of units dedicated to trade development and to export promotion. I feel that each unit has their distinct strengths, as well as perhaps share some responsibilities.

In, as you pointed out earlier, Mr. Chairman, in trade development, we have some very dedicated career professionals who provide the economic analysis and data that are the underpinnings for the strategies and priorities in our trade negotiations, as well as having people that advocate on behalf of businesses and help small-to medium-sized businesses.

My sister units also are involved in working on behalf of American business, whether it is compliance in trade agreements with market access and compliance or working with small- to medium-sized businesses and helping them enter foreign markets through the U.S. and Foreign Commercial Service. So, we all work together. I think one of my goals in addressing Secretary Aldonas' priorities in the best use of those resources is to make sure that we as units are working very well together, working on our strengths but also on our shared areas of responsibility.

Chairman SARBANES. Very good.

Mr. Garcia, have you had a chance to familiarize yourself with these efforts now underway in the Congress to reauthorize the Export Administration Act, which, of course, is very relevant to you and your work?

Mr. GARCIA. Yes, Senator, very briefly I have. I just finished a trial in New York and I came down to Washington, and I have been attempting to look into those things.

Chairman SARBANES. Well, the Administration is strongly supportive of the reauthorization of that Act that was reported out of this Committee. Now, we have run into a little heavy weather in the Senate, although we hope to be able to move ahead with respect to that. But I, obviously, encourage you to follow this very closely, because you will either get your authority to control under the Export Administration Act, or the Administration will have to put in a regime under the IEEPA, the International Economic Emergency Powers Act.

The penalties under IEEPA are, in fact, less than the penalties we would be providing in the legislation that we have brought out of this Committee. And the regime is different. We think that it is an improvement in the regime. But I would think one of your first responsibilities once you get in down there is going to be to really get right up to speed on this legislation. Actually, we are operating under a 1 year extension of the Export Administration Act which expires in August.

If it expires and we have not replaced it, the President will have to invoke IEEPA, put a regime into place, which presumably you will be involved in helping to develop. That is not as good a regime in my opinion, and I think in the opinion of most of my colleagues. And the authorities that are available to you under IEEPA would be less than what we are trying to provide in the statute.

I think this is going to be an important item that is going to be on the forefront of your agenda, because it is going to establish the whole framework within which you operate so that whatever the specific case is you are trying to deal with in export control is going to relate back to this statutory framework. So, I think it really behooves you to take an interest to try to get it set right if you possibly can.

The Administration has reviewed this very carefully, and they are supportive of our legislation. We have received letters from the National Security Adviser. The President has made public statements about it. The Secretary of Commerce is very strongly in favor of it, and Senator Daschle has indicated an intention to try to move it, so we will see how we can do up here on it.

Mr. GARCIA. Mr. Chairman.

Chairman SARBANES. Go ahead.

Mr. GARCIA. I have looked at those provisions on the penalties in the new legislation. I understand the increases. And it also would provide permanent law enforcement authority for the agents in export enforcement, which I think is very important, so that they do not go back to the position where they have to be re-deputized as U.S. Marshals.

I think it is important for their law enforcement function and for the morale of the unit and the important work they do that they receive that permanent law enforcement certification.

Senator ALLARD. Mr. Chairman, I would just like to add on to your comments a little bit. One thing that we consistently hear from exporters, particularly those issues where it might deal with dual-use items—they have a military purpose, as well as domestic purpose—is the length of time it takes to get approval. I know that from past studies, I think, for example, on the Armed Services list, there are some 9,000 items. Some of them, if you look that over, do not make a lot of sense. I am not sure whether that is under your jurisdiction. But the thing that I think that you ought to be aware of is that they are concerned about the considerable length of time. You will have to go through three separate agencies many times for approval—Departments of State and Commerce, as well as the Department of Defense. Sometimes when you are in a highly competitive in an international market and you cannot give a specific indication the businessman that you are dealing with in the foreign country as to when you may be able to have a decision. Lots

of times that is all they ask for is a timeline so they can make plans on the other end, it does make it very difficult to compete internationally.

I do think I would agree with the Chairman it is an important piece of legislation. It was reported out of Committee here nearly unanimously. I know it had a lot of support here in the Banking Committee.

Thank you, Mr. Chairman.

Chairman SARBANES. Thank you.

Mr. Garcia, I would like to ask you, just for my own personal curiosity, a couple of questions about the work you have been doing. The bombings of the Embassy in Nairobi and in Dar es Salaam were part of an Osama bin Laden enterprise. Is that right?

Mr. GARCIA. That is correct, Mr. Chairman.

Chairman SARBANES. Now what about the World Trade Center in Manhattan?

Mr. GARCIA. Mr. Chairman, there is no public link between the bombing of the World Trade Center that took place in 1993 and the 1998 bombings of our embassies in East Africa. What you do see is a similar training path. People travel into training camps, obtaining this type of training, of activity, bomb-building, and using that in terrorist acts against the United States. So while there is no direct link to the group, there certainly is a link between the types of training that is obtained.

Chairman SARBANES. Okay. Well, as I said at the outset, that is terrific training at the U.S. Attorney's Office for the Southern District of New York. And we are pleased now you are coming into Washington to put that expertise to work for us.

Mr. GARCIA. Thank you, Mr. Chairman.

Chairman SARBANES. We appreciate all three nominees coming before the Committee. I am hopeful we can markup these nominees in the Committee the first part of next week, which would enable us to report them to the Senate floor in time, I would hope, for action to be taken by the Senate with respect to your nominations before the Senate goes out for the August recess, so that your nominations would not carry over into September and we could move ahead to get you on the job. I cannot guarantee that outcome, but that is what we will try to accomplish.

Thank you all very much for coming today. We appreciate it.

The hearing is adjourned.

[Whereupon, at 3:55 p.m., the hearing was adjourned.]

[Prepared statements, biographical sketches of the nominees, and response to written questions supplied for the record follow:]

**PREPARED STATEMENT OF SENATOR JOHN ENSIGN
ON THE NOMINATION OF HENRIETTA HOLSMAN FORE
TO BE THE DIRECTOR OF THE U.S. MINT**

Thank you, Mr. Chairman, for allowing me the opportunity to speak before the Committee today. It is my pleasure to welcome Ms. Henrietta Holzman Fore this afternoon before the Senate Banking Committee and to offer my recommendation for her appointment to the position of Director of the U.S. Mint.

Ms. Fore is a fellow Nevadan and a continual leader. Having held previous Presidential appointments, Ms. Fore knows and surpasses the requisite criteria. Her reputation and background as a leader are beyond reproach. She has served since 1993 as Chairman of the Board and President of an international corporation in Las Vegas, Nevada, and also serves as the Chairman and Chief Executive Officer of Holzman International in Washington, DC. From 1990 to 1993, she served as Assistant Administrator in the Bureau for Private Enterprises and the Assistant Administrator in the Bureau for Asia. Ms. Fore is a graduate of Wellesley College and received a Master's in Public Administration from the University of Northern Colorado. With her years of nationwide experience, both in Government service and the private sector, she has refined the ingenuity and expertise that will enable her to excel as Director of the U.S. Mint.

I urge my colleagues on the Senate Banking Committee to support the nomination of Ms. Henrietta Holzman Fore for Director of the U.S. Mint. I am proud to introduce her today as both a leader of this community and as a fellow Nevadan. I thank you, Mr. Chairman, for allowing me to speak on her behalf today.

PREPARED STATEMENT OF MELODY H. FENNEL
ASSISTANT SECRETARY-DESIGNATE OF CONGRESSIONAL AND
INTERGOVERNMENTAL RELATIONS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

JULY 26, 2001

Chairman Sarbanes, Senator Gramm, and Members of the Committee:

It is my pleasure to introduce my mother, Mary Lee Fennel, and my brother Mark Fennel. I have been blessed with a family that has made many told, and even more untold, sacrifices for me.

I am deeply grateful to President Bush and Secretary Martinez for according me the honor of this nomination. I anticipate the charge for which I have been nominated with great humility. Chairman Sarbanes, I thank you for your willingness to consider me for confirmation and for supporting the nominations process during such a busy time.

Members of the Committee, I sit before you with true admiration, as a staff aide that has witnessed your steadfast dedication to your principles and the pursuit of what you believe is right for our fine Nation. I sit before my Staff Director and colleagues on both sides of the aisle with great respect for their ethics, their commitment to public service, and their strength of spirit. Senator Allard, it has been a privilege to serve you as you presided over complex housing issues with alacrity. Senator Gramm, my wise leader, I sit before you with great appreciation for the honor of having represented you. Thank you for allowing me the privilege of serving you and the American people. I only hope that I will continue my service with your badge of courage upon me.

In 1780, Abigail Adams wrote to her son, who later became our sixth President, ". . . Justice, humanity, and benevolence are the duties you owe to society. . . ." If confirmed, it would be my duty to assist the President and the Secretary in the provision of this justice—a justice that proffers help to our citizens whom are truly in need, and assures that the monies from those that give are used honestly and efficiently. To ensure this, a close relationship between the Executive and Legislative Branches is essential—and while there is of course an important separation between the two, there also exists a natural concomitance. If confirmed, I personally pledge to you that the Administration's housing and community development proposals will be presented to Congress in an open and forthright manner—in order to ensure the full opportunity for a comprehensive dialogue.

In closing, I offer my thanks to God, to his name be the glory.

Thank you.

Organization	Dates
Georgetown Presbyterian Church (Nat. Pres. Church 1991-2001)	2001 - present
Laubach Literacy Action	2000 - present
American Council of Young Political Leaders	1999 - present
Literacy Council of Northern Virginia	1999 - present
116 Club	1998 - present
Vassar Club of Washington, D.C.	1987 - present

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

1995 – present	U.S. Senate Banking Committee	Professional Staff Member	Washington, D.C.
1990 – 1995	National Association of Home Builders	Legislative Director for Rural and Veterans Housing	Washington, D.C.
1988 – 1990	National Council of State Housing Agencies	Legislative Representative	Washington, D.C.
1987 – 1988	Childe Harold Restaurant/Epicurean Events Catering Company	Waitress/Caterer	Washington, D.C.

Government

experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

1995-present	Professional Staff Member to Senate Committee on Banking, Housing and Urban Affairs
1988-1990	Legislative Representative, National Council of State Housing Agencies

Published

Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

None.

Political

**Affiliations
and activities:**

List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Volunteer work for the Presidential campaigns of Bush/Quayle 1992, Dole/Kemp 1996, and Bush/Cheney 2000.

Political

Contributions: Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

None.

Qualifications: State fully your qualifications to serve in the position to which you have been named.

I have worked in the affordable housing arena for thirteen years, serving as a Senate Banking Committee aide specializing in Federal housing, a housing lobbyist for rural and veterans housing programs, and a grass roots coordinator of state housing finance agencies.

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I do not have any such plans.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

**Potential conflicts
of interest:**

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

From 1990 to 1995 I was a registered lobbyist for the National Association of Home Builders. In that capacity, I lobbied Congress on behalf of home building interests.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

No conflicts of interest exist.

**Civil, criminal and
investigatory
actions:**

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

I was never a defendant in any civil or criminal proceedings, nor was I ever the subject of any Federal, State, or local agency inquiry or investigation.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

I was never the subject of any professional association proceeding, inquiry, or investigation.

PREPARED STATEMENT OF MICHAEL MINORU FAWN LIU
 ASSISTANT SECRETARY-DESIGNATE FOR PUBLIC AND INDIAN HOUSING
 U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 JULY 26, 2001

Chairman Sarbanes, Ranking Member Gramm, Distinguished Senators. It is a privilege to be able to appear before you today as part of the confirmation process for the position that I have been nominated.

By way of introduction, let me first note that my wife, Susan Orlando Liu, and my 9-year-old son, Nicholas, join us in this hearing. I would definitely not be here without their support, and enduring patience.

My public and professional career has now spanned over 23 years, first as a Delegate to my home State's Constitutional Convention, then as a State legislator, followed by work in community development banking and law. My upbringing includes living in public housing as a youngster; experiencing America's post-World War II transformation into a more diverse and tolerant society through the immigrant experiences of my mother; and being provided the opportunity to compete and succeed in educational and career endeavors that have linked me to various communities on local, State, and national levels.

I am no stranger to issues affected by Public and Indian Housing policies. As a State Representative in Hawaii, my district included one of the largest subsidized housing projects in Honolulu (Kukui Gardens), as well as one of the most distressed (Mayor WrightHousing). It included the well-established Department of Hawaiian Home Lands Papakolea Homestead. In recognition of constituent needs, I sought and have retained membership on the Housing and Health and Human Services Committee for 8 years, and another 2 years on the same committee in the Hawaii State Senate.

Affordable housing, both homeownership and rental, has been a key area in which I have been involved for many years. While with the U.S. Department of Agriculture (USDA) as Deputy Under Secretary for Small Community and Rural Development (1991-1993), I oversaw implementation of new guaranteed loan programs for both single-family and multifamily housing in rural America. At Bank of America (1993-1997), I worked on a number of single-family mortgage and multifamily grant programs to help address Hawaii's high housing costs. In my current role as Senior Vice President and Community Investment Officer for the Federal Home Loan Bank of Chicago, I have managed an affordable housing grant program that allocates between \$14 and \$16 million annually, and a \$600 million portfolio of community investment credit projects, most of which are for housing. In all of these experiences I have had extensive contact with housing authorities both large and small.

With fundamental adjustments occurring in how the clients of public housing and communities at large are seeing issues regarding housing, a plethora of program and regulatory changes have been enacted. Most of these adjustments have been for the better, giving local, State, and Federal authorities more options in framing programs to match local conditions. I look forward to the challenge of managing these changes in collaboration with Public Housing's many partners. And in this context, I see management as including attention to the nuts and bolts of resource allocation for the support of Public and Indian Housing within HUD.

The renewed interest in creative and efficient use of public housing assistance is an integral part of housing goals as described by Secretary Martinez before this Committee. For example: The use of Section 8 vouchers for down payment accumulation, and application of vouchers toward monthly mortgage expense.

There have been great strides in addressing housing issues related to Indian Housing, including the ability to secure mortgages through an ever-growing variety of leases on tribal lands. I will support the coordination of efforts between and among the various Federal agencies with native peoples' programs. And more can be done, especially in the educating of private sector banking interests to the potential of markets available under programs administered by Indian Housing and the Office of Native American Programs.

If fortunate enough to be confirmed by the U.S. Senate, I will be a manager and advocate for fair and common sense delivery of Public and Indian Housing program resources. I understand that it is important to recognize the past in order to effectively move into the future. I also understand that for the families affected by Public and Indian Housing, the future is often very much on the near, rather than on the far horizon, so that timely action must accompany efforts at prudent planning.

Mr. Chairman and Members of the Committee, I appreciate your indulgence. I stand ready to address any questions or comments you may have.

Thank you.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Liu Michael Minoru Fawn
(Last) (First) (Other)

Position to which nominated: Assistant Secretary for Public and Indian Housing (HUD) Date of nomination: June 21, 2001

Date of birth: 07 09 1953 Place of birth: Honolulu, Hawaii
(Day) (Month) (Year)

Marital Status: Married Full name of spouse: Susan Orlando Liu

Name and ages of children: Nicholas Musashi Liu, 9

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	Univ. of HI, School of Law	8/74-6/77	JD	6/77
	Stanford University	9/71-6/74	BA	6/74
	Punahou School	9/68-6/71	HS Diploma	6/71

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Small Business Hawaii Outstanding Legislator, 1989 and 1998

White House Fellow Appointee (1989-Withdrew after appointment to serve out State House term.)

Rosenberg CEO's Teamwork Award (1996), Bank of America

Credit Management Excellence (1992), Federal Policy Working Group

HUD Community Builder Fellowship, (1999)

Memberships:

List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Hawaii Housing Development Corp.	Mbr., Bd. of Dir.	4/96-3/99
Parents and Children Together	Mbr., Bd. of Dir.	5/96-3/99
Armed Services YMCA, HON	Mbr., Bd. of Dir.	2/95-3/99
Republican Party of HI	Central Committ. (thru '96)	1979-present
Hawaii Bar Association		6/77-present
Historic Hawaii Foundation	Mbr., Bd. of Dir.	3/81- 3/83

Employment record:

List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

HI State Leg./researcher, Hon., HI 1976-1978
 Bartender/waiter, Bobby McGee's, Hon., HI 1975-1978
 Legal Researcher, various law firms, Hon., 1975-1977
 Legal Intern, Okano/Noguchi/Wong, Hon., Summer 1976
 Delegate, HI Constitutional Convention, Hon., 2/78-10/78
 * Chief Minority Atty., HI State House, Hon., 12/78-5/79; 12/79-5/80
 Atty./Realtor, Self, Hon., HI, 10/78-2/91
 State Rep., HI Legislature, Hon., 1980-1982, 1984-1990
 Deputy Under Sec. and Deputy Ass't. Sec, USDA, 7/91-2/93
 VP Mktg., Adv., and CRA, Bank of America HI, Hon., 3/93-12/97
 State Senator, HI Legislature, Hon., 11/94-11/96
 Lt. Gov. Candidate, HI, 1998
 Atty., Self (Liu & Ching), Hon., 1/98-3/99
 Community Builder Fellow, HUD, Wash., DC 3/99-2/00
 Sr. VP, Community Investment, Federal Home Loan Bank of Chicago (IL)
 2/00 - present

**Government
experience:**

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.
Constitutional Convention Delegate for State of HI, 1978

State Representative, 1980-1982; 1984-1990

Deputy Under and Deputy Ass't. Sec., USDA, 1991-1993

State Senator, 1996-1998

Community Builder Fellow, HUD, 1999 - 2000

**Published
Writings:**

List the titles, publishers and dates of books, articles, reports or other published materials you have written.
"The Little Red Budget Book: How the State of Hawaii collects, budgets and spends your tax dollars" (1996). Developed under my direction as Minority Ldr. in HI State Senate. Copyright held Jill Frierson.

**Political
Affiliations
and activities:**

List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Republican Party of HI, 1979 -Present (Central Committee Mbr.thru1996.

Advisor to HI Dole for Pres., 1987

Chrm., HI Dole for Pres., 1996

Mbr. Bush HI Ldrshp. Team, 2000

Mike Liu for State Senate, 1994 and 1996

Mike Liu for Lt. Gov., 1998.

Political

Contributions:

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

\$1,000 Bush for Pres., 5/00

\$500 Dole for President, 3/96

\$1,000 Liu for Lt. Gov., 2/98

Qualifications:

State fully your qualifications to serve in the position to which you have been named.
(attach sheet)

Future employment
relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I will sever all connections with my present employer.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I have none.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

Statement of Qualifications by Michael M. F. Liu
 Assistant Secretary for Public and Indian Housing Designate
 U.S. Housing and Urban Development
 July 2001

I have the management, finance and housing experience required by the position for which I have been nominated.

In both the private and public sectors, I have addressed first hand, issues related to housing. As a state legislator in Hawaii, one of my districts included one of the largest HUD subsidized projects in the State (Kukui Gardens). Along with other subsidized housing projects (e.g., Maunakea Towers) and the Papakolea Native Hawaiian Home Lands Homestead, it was my responsibility to understand the housing issues that faced my constituents. In both the State House of Representatives and State Senate I served as the ranking member of the housing committees. My desire for better management of housing resources led to my making common cause with the Governor of Hawaii, Ben Cayetano (D), in pushing for the consolidation of the various housing agencies which were in existence at that time, in the face of opposition from members of his own Party. On the issue of decent housing for those in need, political affiliation need not be a bar to finding solutions.

I have also served on the boards of non-profit organizations that build affordable rental housing (Hawaii Housing Development Corp.), and serve tenants of public housing (Parents and Children Together). While with Bank of America, I worked closely with many community organizations, financial institutions, and local governments to find gap financing resources for a myriad of housing types. Both non-profit and for-profit sectors are crucial to the future resolution of housing issues facing Public and Indian Housing today.

I gained valuable insight into some of the line issues related to public housing, while serving a one-year fellowship with the U.S. Department of Housing and Urban Development. During that time I had the opportunity to conduct Section 8 voucher housing inspections, and worked with residents in need of placement assistance due to their HUD insured project failing to meet safety and health standards (i.e., Capital View Plaza in SE, Washington, DC).

As a manager, I have had responsibility for government organizations of significant size. As Deputy Under Secretary as USDA I implemented policy oversight for the Farmers Home Administration, Federal Crop Insurance, and Rural Electrification Administration. In addition, I served for eight (8) months, both as Deputy Under Secretary and Acting Administrator for the over 800 employee Rural Electrification Administration. I was then asked to lead the management of the Natural Resources section of USDA pending the appointment of an Assistant Secretary (which never occurred). The largest USDA agency lies in this section of the department. The U.S. Forest Service at that time had over 40,000 employees.

In my current position as Sr. Vice-President and Community Investment Group Head for the Federal Home Loan Bank of Chicago, I administer and manage an \$80 million portfolio of projects funded with Affordable Housing Program grants; a downpayment assistance program that helps over 800 families a year buy their first home; and a \$600 million credit portfolio consisting of a variety of community development projects. My department has considerable interaction with housing authorities in Illinois and Wisconsin, since we average anywhere from \$1 million to \$4 million annually, in grants to projects that benefit public housing.

Statement of Qualifications
Michael M. F. Liu
A/S for PIH Designate, HUD
Page 2.

Also, I am one of the few heads of community investment among the Federal Home Loan Banks, who also is a member the bank's managing committee. The Federal Home Loan Bank of Chicago has an eight-member senior management team which guide the \$39 billion institution.

Finally, my nomination has personal meaning. I have vivid memories of spending my formative years as a child in public housing. From 1958 to 1962, my family lived in a public housing development in Cleveland, Ohio with a Cedar Avenue address. And while a tough environment, I never felt that it was a bad place or one where people lacked dreams or thoughts about the future.

I am confident that I have the qualifications and energy to work with the public, clients and residents of Public and Indian Housing, housing authorities, local and tribal leaders, and members of Congress, to make continued progress in revamping the state of Public and Indian Housing in the United States.

Potential conflicts
of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

There are none.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

With my wife, I own stock in Citigroup worth less than \$1500.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

No such relationships.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

I will sell my Citigroup, Inc. stock within 90 days of confirmation.

Civil, criminal and
investigatory
actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

None.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None.

PREPARED STATEMENT OF HENRIETTA HOLSMAN FORE
DIRECTOR-DESIGNATE OF THE U.S. MINT

JULY 26, 2001

Thank you, Chairman Sarbanes, Ranking Member Gramm, and Members of the Committee on Banking, Housing, and Urban Affairs. I am honored that President Bush has nominated me to serve as Director of the Mint and I thank you for the privilege of appearing here today. If confirmed, I will have the opportunity and the challenge to work with Treasury's Secretary Paul O'Neill and to meet his high standards for operating a world class production facility. I will work to deliver the benefits of quality, efficiency, and worker safety. President Bush has outlined an administration that is business-like in its approach to Government. That is the approach I intend to take.

Americans have come to expect a safe and reliable currency in our pockets, in our cash registers, in the vending machines, and in the transit fare turnstiles across our Nation. Our currency must be smart, with an electromagnetic signature; it must be durable to last through 30 years of trips to the beach, fast food counters, and through laundry machines. And our coinage must tell the story of our Nation, passing along the chronicle of our Nation's rich heritage. We have a responsibility to educate the public about their history, for it was an urgent, but not a simple matter when the Senate and the House assembled in 1792, and set the standards for a Mint to create the Nation's coinage. The Coin Act also required the Mint to protect and to account for the Nation's treasure, which it still does today. And I will have a challenge to encourage and to maintain the enthusiasm of the coin collecting community.

If confirmed, I look forward to working closely with this Committee, the Senate, and with members of the House of Representatives. I have had the pleasure of working with you before and look forward to doing so again. I believe in the idea that every American should serve their Nation's interests and should bring with them the ideas of other arenas. For me, those arenas are business and nonprofit.

I was born in Chicago, Illinois, grew up in California, and in 1970, graduated from Wellesley College. I worked in General Services Administration and received a Masters in Public Administration from the University of Northern Colorado. For the past 24 years I have managed and owned a wire and metal products manufacturing company servicing the construction industry with factories in Nevada, Arizona, and California. From 1989-1993, I served in the U.S. Agency for International Development and was confined twice by the Senate, once as Assistant Administrator for Private Enterprise and once as Assistant Administrator for Asia. Since that time, I have served on several nonprofit and public corporate boards, traveled, and run my business. These experiences have exposed me to different aspects of America's interests that, I believe, better prepare me for the challenge at hand. It would be an honor to again serve in Government.

Thank you, Mr. Chairman. I would be pleased to answer any questions.

**Responses of Henrietta Holsman Fore to
Questionnaire for Presidential Nominees
Committee on Banking, Housing, and Urban Affairs
United States Senate**

Name: Fore, Henrietta Holsman

Position to Which Nominated: Director, U.S. Mint

Date of Nomination: June 29, 2001

Date of Birth: 09 December 48

Place of Birth: Chicago, IL, USA

Marital Status: Married

Full Name of Spouse: Richard Lewis Fore

Name and Ages of Children: Jonathan Fore 24 Rebecca Jeanne Fore 21
Stepchildren: Jessica Ann Fore 22 Richard Patrick Fore 18

<u>Education:</u>	<u>Institution</u>	<u>Dates Attended</u>	<u>Degrees Received</u>	<u>Dates of Degrees</u>
Secondary Schools:	Graham-Eckes, Palm Beach, FL, 1962-1963			
	The Baldwin School, Bryn Mawr, PA, 1963-1966			
Higher Education:	Wellesley College, Wellesley, MA 1966-1970 A.B.			
	University of Northern Colorado, Greeley, CO 1974-75 M.A. Public Administration			
Non-degree studies:	Oxford University, Oxford, England, 1982 and 1988			
	Stanford Business School, 1986			

Honors and Awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

- 1997 received the *Women Redefining Leadership* award at the State of the World Forum in San Francisco, CA
- 1969 Association des Etudiantes en Sciences et Economiques internship awarded with the Bank of Greece, Athens, Greece

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office Held (if any)	Dates
Corporate Director		
• Hartford Steam Boiler Inspection and Insurance Co, (HSB Group), Hartford, CT (NYSE)		1998-2000
• Dexter Corporation, Windsor Locks, CT, (NYSE)		1996-2000
• Stockton Wire Products, Burbank, CA and Reno, NV (Also Chairman and President)		1995-1997
• Stockton Products, No. Las Vegas, NV (also Chairman and President)		1993-Present
• Holsman International, Las Vegas, NV and Washington, DC (also Chairman, CEO, Treasurer, Assistant Secretary)		1993-2001
• Fore Property Company, Las Vegas, NV (also Assistant Secretary, Assistant Treasurer)		1995-2000
Corporate Officer but not Director		
• Seaward International, Las Vegas, NV (Secretary)		1993-2001
• Fore Partners Agency, Las Vegas, NV (Assistant Secretary, Assistant Treasurer)		1995-2000
• CANV Construction Co, Las Vegas, NV (Assistant Treasurer)		1996-2000
Corporate Advisory Board Member		
• AMEC plc, London England, (London Stock Exchange)		2001
Non-Profit Board, Officer or Committee		
• Center for Strategic and International Studies, Washington, DC, Trustee, Executive Committee, Strategic Planning and Program Committee Chair		2000-Present
• The Asia Foundation, San Francisco, CA, Trustee,		1999-Present
• Asia Society New York, Trustee, Executive Committee, Compensation Committee,		1999-Present
• Asia Society, Washington, DC, Washington Center Executive Committee, Co-Chair Development Committee,		1993-Present
• The Aspen Institute, Washington, DC and Aspen, CO, Trustee, Executive Committee, Chair of Audit Committee,		1999-Present

Henrietta Holsman Fore Responses
President Nominee Questionnaire
Senate Banking Committee

3

- National Public Radio Foundation, Washington, DC, Trustee, 1998-Present
- Institute of the Americas, La Jolla, CA, Board Member, 1996-Present
- U.S Pacific Economic Cooperation Council, Washington, DC, Board member, 1993-Present
- Council on Foreign Relations, New York, NY, Corporate Affairs and Development Committee, 1999-Present
- National Association of Corporate Directors, Washington, DC, Advisory Board Member, 2000-Present
- National Foundation of Women Business Owners, Washington, DC, Board Member, 2000-Present
- Women's Leadership Board, Harvard University, Kennedy School of Government, Cambridge, MA, Board Member, 2000-2001
- The Committee of 200, Chicago, IL, International Chair 1993-1996
- Business Leadership Council, Wellesley College, Wellesley, MA, International Chair, 1992-1993
- UCSD Graduate School of International Relations and Pacific Studies, La Jolla, CA, Vice Chair, 1993-1998
- Young President's Organization, Chapter Education Chair, Southern Pacific Area Conference Chair, Santa Barbara, CA 1993-1995
- CEO Roundtable, Pan American Development Foundation, OAS, Washington, DC, Member 1995-1998

Membership:

- Chief Executives Organization
- World Presidents' Organization
- National Museum for Women in the Arts
- International Women's Forum
- The Nature Conservancy
- The Sierra Club
- Reading is Fundamental
- The Smithsonian
- The Metropolitan Club of Washington
- The Ventura Yacht Club
- The Horseless Carriage Club
- Organization of Women Executives
- World Wildlife Fund

- | | |
|-----------|--|
| 1999-2000 | Speakers Bureau, Republican National Committee, Women CEOs for Bush for President |
| 1995 | Women's Council, Privatization advisor to Policy Group, Dole for President Committee |
| 1996 | Fundraiser, Lugar for President Committee |

Henrietta Holsman Fore Responses
 President Nominee Questionnaire
 Senate Banking Committee

4

Employment Record: List below all positions held since college, including the title or description of job, name of employment, location of work and dates of inclusive employment.

Title	Employer	Location	Dates
A.	General Services Administration, Denver, CO	1971-75, Three positions: 1) Management Intern GS-7-9, 2) Administrative Assistant GS-11 and 3) Realty Specialist GS-12.	
B.	Two positions: 1) Manager and 2) President, Stockton Wire Products, Burbank, CA	1977-89	
C.	President, Poza Corp Inc., Burbank, CA,	1981-89	
D.	U.S. Agency for International Development, Washington, DC,	1989-1993: Three positions: Consultant 1989-90; Two Senate Confirmations in Senate Foreign Relations Committee 1) Assistant Administrator for Private Enterprise 1990-1992 and 2) Assistant Administrator for Asia 1992-1993.	
E.	Chairman, CEO, Treasurer and Assistant Secretary, Holsman International, Ventura CA, Reno NV, Las Vegas, NV	1993-2001	
F.	Chairman and President, Stockton Wire Products, Burbank, CA and Reno, NV,	1993-1997	
G.	Chairman and President Stockton Products, North Las Vegas, NV,	1995-2001	

Government Experience: List any experience in or direct association with Federal, State or local governments, including any advisory, consultative, honorary or other part time service or positions.

All government experience listed in A and D above.

Published Writings: List the titles, publishers, and dates of books, articles, reports or other published materials you have written.

- 1993 Publication in *The Washington Quarterly* "Lean Development and the Privatization of U.S. Foreign Assistance".

Political Affiliations and Activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None

Political Contributions: Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates and names of recipients.

Recipient	Amount
2000	
Bush-Cheney Presidential Transition Foundation	\$1,000
Ensign for Senate	\$1,000
Whitfield for Congress	\$1,000
The Victory 2000 Presidential Trust	\$1,000
The Wish List	\$1,500
Republican National Committee	\$1,000
1999	
Bush for President Inc.	\$1,000
McConnell Senate Committee	\$1,000
Whitman for Senate	\$1,000
Wish List	\$1,000
1998	
Governor Bush Committee Reelection	\$1,000
Murkowski 98	\$1,000
Wish List	\$1,000
National Republican Senatorial Committee	\$ 700
1997	
National Republican Senatorial Committee	\$10,525
1996	
Dole for President Inc.	\$1,000
McConnell Senate Committee '96	\$1,000
Whitfield for Congress	\$1,000
1995	
Dole for President Inc.	\$1,000
Gramm for President Inc.	\$1,000
Lugar for President Inc.	\$1,000
Gordon Smith for US Senate	\$1,000
1994	
Whitfield for Congress	\$1,000

**Henrietta Holsman Fore Responses
President Nominee Questionnaire
Senate Banking Committee**

6

1993	
National Republican Senatorial Committee	\$ 870
1992	
Republican National Committee	\$1,000

Qualifications: State fully your qualifications to serve in the position to which you have been named.

The combination of business and government experience. Business experience in metals, manufacturing, and finance in both public company boards and private company operations. Government experience in managing large budgets and large number of employees including two Presidential appointments with Senate confirmations in Washington, DC.

Future Employment Relationships:

1. Indicate whether you will sever all connections with your present employer, business, firm, association or organization if you are confirmed by the Senate.

If confirmed by the Senate, I will sever all active, operating involvement with for-profit and not-for-profit organizations. I would plan to remain a passive member of the Center for Strategic and International Studies, Asia Society, The Aspen Institute, Committee of 200, and Council on Foreign Relations.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

No

3. Has anybody made you a commitment to a job after you leave government?

No

4. Do you expect to serve the full term for which you have been appointed?

Yes

Henrietta Holsman Fore Responses
 President Nominee Questionnaire
 Senate Banking Committee

7

Potential Conflicts of Interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

I own shares of IBM common stock which, if confirmed, I will divest.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None

5. Explain how you will resolve any conflicts of interest that may be disclosed by your responses to the items above.

I own shares of IBM common stock which, if confirmed, I will divest. Furthermore, should any matter come before me that might involve a conflict or appearance of a conflict, I will seek the opinion of the Department's ethics counsel.

Civil, Criminal and Investigatory Actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

In connection with a hostile takeover of Dexter Corporation by International Specialty Products, Inc. (ISP), Dexter and certain members of the Board of Directors were sued by ISP in the U.S. District Court for the District of Connecticut in January 2000. I was

**Henrietta Holsman Fore Responses
President Nominee Questionnaire
Senate Banking Committee**

8

named as a defendant in my capacity as an outsider director. The lawsuit sought declaratory judgment with respect to Dexter's charter documents and injunctive relief in connection with Dexter's annual meeting. The Court dismissed one of the counts of the complaint and denied plaintiff's request for a preliminary injunction. In September 2000, the parties agreed to dismiss the complaint with prejudice.

At the same time, a purported shareholder class action complaint arising out of the takeover was also filed in Connecticut Superior Court. Dexter and the members of its Board were defendants in this suit as well. I was also named as a defendant in my capacity as an outside director. At the plaintiffs' request, this lawsuit was ultimately withdrawn without prejudice.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None

Confidential Financial Statement:

PREPARED STATEMENT OF LINDA MYSLIWY CONLIN

ASSISTANT SECRETARY-DESIGNATE FOR TRADE DEVELOPMENT

U.S. DEPARTMENT OF COMMERCE

JULY 26, 2001

Mr. Chairman, Senator Gramm, and Members of the Committee, it is an honor and a privilege to appear before you today as President Bush's nominee to be Assistant Secretary for Trade Development. I appreciate the confidence President Bush has placed in me and the support of Secretary Don Evans and Under Secretary Grant Aldonas. Thank you for scheduling this hearing during a very busy time in the session. I appreciate your time and look forward, if confirmed, to working with the Members and staff of this Committee.

It is an honor to appear before the Committee this afternoon. I have appreciated the opportunity I have had these past weeks to visit with several of the Members who have shared their recommendations, as well as some concerns. If confirmed, I would look forward to continuing the dialogue, meeting with you and your staff on a regular basis. We are all stakeholders who share common goals of a vibrant economy for the American people and business community. It is only through consistent communication, cooperation, and collaboration between all that these goals can be achieved.

The vision I would bring to this job was best described by Secretary Evans when he spoke of President Bush's trade policy goals: "Free minds and free markets are essential to achieving a better and brighter tomorrow. . . . Our economic, social, and political freedoms are woven together into a single fabric that allows every human being to pursue the visions and dreams they have in their hearts. That understanding is the cornerstone for our trade policy."

Secretary Evans went on to say, "What Government can do is create the environment for people to succeed." If reported favorably by this Committee and confirmed by the Senate, as Assistant Secretary for Trade Development, I will be committed to helping U.S. businesses succeed in expanding exports and the jobs they create. I will also work to provide an environment to succeed for the dedicated professionals of the Trade Development staff at Commerce who serve as this Nation's day-to-day link to U.S. industry for trade policy development and promotion.

I believe that my business experience, as well as my years in public service, serving at both the Federal and State level, has prepared me to take on this important challenge. I am, at heart, a businesswoman with a profound respect and enthusiasm for the creativity and courage it takes to own and to operate a successful business. I was blessed with a bright and gifted father who gave me my first job out of graduate school—the task of turning a small company into a four million dollar business. In the process, I learned important business and life lessons, which I hope, will continue to serve me well as they have throughout my career.

My career in public service spans some 15 years, including 9 years overseeing tourism trade development and promotion at the Department of Commerce, and later at New Jersey's Commerce Department. I am pleased to say that on both Federal and State levels, we created an innovative and effective program to assist small- and medium-sized tourism businesses in breaking new ground in key international markets.

If confirmed as Assistant Secretary for Trade Development, I will focus on three specific areas: Concentrate Trade Development resources to best benefit American exporters, expand the benefits of trade to small- and medium-sized businesses, and strengthen Trade Development's outreach programs to the business industry.

First, I will work with the Trade Development team to focus on priorities outlined by Under Secretary Aldonas when he met before this Committee, namely, "to expand opportunities for American business (by) concentrating resources in ways that are likely to provide the greatest pay-off for American businesses trying to gain access to world markets. . . identifying promising targets for our exporters and providing the support to reach those markets."

In this regard, the Trade Development area shares the responsibility for export assistance and promotion with our sister units within the International Trade Administration—the domestic and foreign offices of the U.S. and Foreign Commercial Service, the Market Access and Compliance team, and the Import Administration. Trade Development's role in this family, however, is distinct. Trade Development's industry sector offices devise export assistance programs, export strategies and trade events tailored to the needs of individual industries. Trade Development also serves as the principal link for industry input, data, and economic analysis, which form the foundation for the development of our trade agreements and monitoring of their impact. The work of Trade Development's industry experts provides the

foundation for the President's trade negotiators in multilateral or bilateral fora—both for trade liberalization and retaliation. Finally, we work closely with our sister-offices in ITA to ensure foreign countries' compliance with sector-specific international trade agreements.

Whether it is providing critical data and economic analysis which represent the underpinnings of these trade negotiations, managing industry participation in trade missions, or advocating on behalf of U.S. companies seeking foreign government contracts, the trade development team is on the frontline of action to ensure that U.S. firms have the maximum opportunity to compete effectively in world markets. Trade Development's industry experts and trade specialists span the gamut of U.S. business sectors—from basic manufacturing to high-technology and service exports.

Trade Development is also home to the Trade Information Center (TIC), which was established by the Trade Promotion Coordinating Committee. The TIC provides a wealth of export information and a single point of contact within Government for export assistance and counseling. We have tremendous resources and talent within the Trade Development program. If confirmed, I will work to marshal those resources for the greatest benefit, working in concert and collaboration with our ITA and USTR colleagues.

Second, I will work to support Under Secretary Aldonas' commitment to "expanding the benefits of trade to all Americans," for small- and medium-sized businesses, including minority-owned businesses. There is tremendous opportunity here when you consider that small- and medium-sized businesses account for some 97 percent of all U.S. exporters, but only 30 percent of U.S. merchandise exports. Nearly two-thirds of these exporters, however, post sales to only one foreign market. Encouraging these exporters to expand to other markets represents an enormous growth opportunity.

Third, if confirmed, I will work toward further strengthening our outreach to industry, including our industry advisory committees and the President's Export Council, as well as the many Federal and State departments and agencies involved in trade development and promotion. In this regard, I commend the efforts of Chairman Sarbanes in working with Secretary Evans and Under Secretary Aldonas in focusing on the important role of the Trade Promotion Coordinating Committee (TPCC). If confirmed, I look forward to supporting him in maximizing the synergies of the TPCC. Helping businesses to succeed in the global market means helping them navigate through and access the multitude of resources available.

On a personal note, I would like to thank the important people in my life who have created an environment for me to succeed. I would like to take this opportunity to thank my family and friends, many of who are here today. Without their support I would not be able to take on this incredible responsibility. I would like to thank my mother, and my father, who sadly is no longer with us. I will be forever grateful for his trust and inspiration. I would like to thank my mother-in-law for her confidence and her prayers. She was a true friend and was always there for me. Two weeks ago, she lost her courageous battle with multiple myeloma. I will be forever grateful to my father-in-law and above all to my husband, Joe, for their love and support, especially during this difficult period.

In closing, I would like to take this opportunity to thank the Chairman, Senator Gramm, and other Members of the Committee for your time and consideration this afternoon.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Linda Mysliwy Conlin

Position to which nominated: Assistant Secretary of Commerce for Trade Development

Date of nomination: May 30, 2001

Date of birth: Jan. 25, 1948

Place of birth: Springfield, Massachusetts

Name and ages of children: none

Marital Status: Married

Full name of Spouse: Joseph F. Conlin, Jr.

Education:

School: University of Massachusetts
 Attended: 1971
 Degree: Master's Graduate Studies: Theater
 Degree Granted: (graduate coursework only toward degree)

School: Indiana University
 Attended: 1969-70
 Degree: Master's Graduate Studies: French and Russian Languages
 Degree Granted: (graduate coursework only toward degree)

School: University of Massachusetts
 Attended: 1965-9
 Degree: Bachelor of Arts, French Language and Literature
 Degree Granted: 1969

Honors and awards:

List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

During my tenure as Director and, later, Director of Travel and Tourism, at the New Jersey Commerce and Economic Growth Commission, I was the recipient of awards highlighting outstanding contributions made to New Jersey's travel and tourism industry.

From 1989-1993, as Assistant Secretary of Commerce for Tourism Marketing, I was recognized by the U.S. travel and tourism industry for achievement in promoting U.S. tourism exports. During that time, I received an award for excellence in tourism from then-Governor Weld of Massachusetts.

As President of Park- Main Travel, from 1972-1981, I was recognized for leadership in the tourism industry. The Agency ranked among top tourism businesses in Southern New England for airline productivity.

Honors and awards: (cont'd)

From 1968-9, I lived and studied in France, participating in the junior year abroad study program at the Institut d'Etudes Europeennes in Paris, France. There, I was selected to play the lead role of Antigone in the French language play of Jean Anouilh's *Antigone*.

Memberships:

List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

New Jersey Travel Industry Association	1994-9
Travel Industry Association	1989-1993
American Society of Travel Agents	1972-1981

Employment Record:

List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

Presidential Inaugural Committee, Washington, DC	Communications Coordinator	Jan. 2000
Victory 2000 Norristown, PA	SE Pennsylvania Coordinator	Oct. -- Nov. 2000
Republican National Convention, Philadelphia	Deputy Program Director	April -- Aug. 2000
The Conlin Group Cherry Hill, New Jersey	Consulting Services	Feb. 1999- April 2000
New Jersey Commerce and Economic Growth Commission	Executive Director Travel and Tourism	Feb. 1994-Feb. 1999
U.S. Department of Commerce	Asst. Sec. For Tourism Marketing	Feb. 1989 -- Jan. 1993
U.S. Information Agency	Associate Director, Private Sector Committees/ Corporate Liaison, US/USSR Exhibit	Sept. 1986.- Feb. 1989
U.S. Department of State	Protocol Officer, Visits	Aug. 1982- Sept. 1986
Park-Main Travel Agency Wilbraham, MA	President	Aug. 1972 -- Nov. 1981

Government Experience:

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

New Jersey Commerce and Economic Growth Commission	Executive Director Travel and Tourism	Feb. 1994-Feb. 1999
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Government Experience (cont'd)

U.S. Department of Commerce	Asst. Sec. For Tourism Marketing	Feb. 1989 – Jan. 1993
U.S. Information Agency	Associate Director, Private Sector Committees/Corporate Liaison, US/USSR Exhibit	Sept. 1986 – Feb. 1989
U.S. Department of State	Protocol Officer, Visits	Aug. 1982- Sept. 1986

Published Writings:

List the titles, publishers and dates of books, articles, reports or other published materials you have written.

Political Affiliations and activities:

List any memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Victory 2000 Norristown, PA	SE Pennsylvania Coordinator	Oct. – Nov. 2000
Republican National Convention, Philadelphia	Deputy Program Director	April – Aug. 2000
Republican National Committee, President's Club		2000 – current
New Jersey State Republican Committee		1994-9.

Political Contributions:

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates and names of recipients.

6/18/99	George W. Bush Presidential Exploratory Committee	\$ 500.00
6/18/99	Bush for President	\$ 500.00
9/26/00	RNC – Presidential Trust	\$ 500.00

Qualifications:

State fully your qualifications to serve in the position to which you have been named.
(see attached page)

Future Employment Relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I am presently self-employed. If confirmed, I will not be involved in any consulting services as the Conlin Group, which will be inactive.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation, practice with your previous employer, business firm, association or organization.

At this time, I do not have firm plans to reactivate the Conlin Group.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

Potential Conflicts of interest:

1. Describe any financial arrangements of deferred compensation agreements or other continuing dealings with business associates, clients or customers who will have been affected by policies which you will influence in the position to which you have been nominated.

N/A.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

N/A.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

N/A.

4. List any lobbying activity during the past 10 years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

N/A.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

N/A.

Civil, criminal and investigatory actions:

1. Give the full details of any civil or criminal proceedings in which you were a defendant or any inquiry or investigation by a Federal, State or local agency in which you were the subject of the inquiry or investigation.

N/A.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

N/A.

Attachment A: Qualifications

I feel I bring to this position valuable government experience, particularly in the international arena, together with a strong management and marketing background. My career includes fifteen years in public service, a combined total of nine years promoting commerce on both the Federal and State levels. My government experience also includes serving at the Department of State and the U.S. Information Agency. I am equally proud of and grateful for my earlier years as a small business owner, where I owned and managed a successful multimillion-dollar business. Whether operating in the public or private sector, I have carried a lifelong interest in helping businesses succeed. If confirmed, I would look forward to helping these businesses succeed and gain a competitive edge in the international market.

As Assistant Secretary of Commerce for tourism trade development and marketing under former President Bush, I served as a member of Secretary's senior staff, working closely with the International Trade Administration. I had responsibility for a program budget of \$11+ million and directed a worldwide staff of over 100, including a headquarters staff of career civil servants as well as commercial officers serving abroad. I am proud of what we were able to accomplish in refocusing and revitalizing our field office operation and in introducing regional export development programs that enabled new companies and organizations to enter export market. Similarly, later, at New Jersey's Commerce and Economic Commission, we were able to expand industry participation and break new ground in the State's top export market, Canada, by organizing educational seminars and annual trade missions as part of a coordinated and targeted trade promotion program.

My years in public service have also given me an appreciation and understanding of the work issues a political appointee inherits – the challenge and opportunity of gaining the trust and enlisting the support of career civil servants and commercial officers, creating an environment where people can contribute and succeed.

I am, at heart, a businesswoman. Thanks to a loving and gifted Father, I began my professional career with the challenge of turning around a marginal business. In less than ten years, we were able to transform a modest travel business into a thriving multimillion dollar enterprise, and I gained valuable life lessons and business lessons that have served me well throughout my career. As a result, I have enormous respect for the creativity, discipline and courage it takes to succeed in business, particularly as a small business owner. In many ways, overseeing trade development, assisting businesses in gaining a foothold and greater profitability in the global market, draws upon this earlier experience as a business owner and my later government service in commerce.

I believe, therefore, that I have had experience and success in developing programs and partnerships that have helped businesses gain a greater share of the global market. While U.S. exports now top one trillion dollars, representing 10% of GDP, the U.S. still faces a \$368 billion trade deficit. If confirmed, I would look forward to being a member of Secretary Evans' trade development team in building key relationships with industry sectors and developing a focused and productive trade development strategy to help strengthen U.S. competitiveness and expand export revenues and the jobs they create.

I thank the Committee for their consideration.

PREPARED STATEMENT OF MICHAEL J. GARCIA
ASSISTANT SECRETARY-DESIGNATE FOR EXPORT ENFORCEMENT
U.S. DEPARTMENT OF COMMERCE
JULY 26, 2001

Chairman Sarbanes, Senator Gramm, and Members of the Committee: It is a great honor for me to be here today as the President's nominee for the position of Assistant Secretary of Commerce for Export Enforcement. I thank the President and Secretary Evans for their confidence and trust in me. If confirmed, I will look forward to working closely with you and your staff.

Mr. Chairman, the Bureau of Export Administration (BXA) has a critical mission: Protecting, and indeed enhancing, national security while preserving the right of American businesses to export their products. I take this responsibility very seriously. If confirmed, it will be my privilege to work with the career law enforcement officials within BXA to fulfill our national security and law enforcement mission.

As a former Federal prosecutor, I fully appreciate the critical importance of protecting this country's national security by ensuring that our sensitive technologies do not fall into the wrong hands. Recently, I successfully prosecuted individuals responsible for the bombings of our Embassies in East Africa. I know firsthand the real danger of our adversaries illegally obtaining U.S. products which can be used against our citizens worldwide.

I look forward to leading the enforcement arm of BXA and working alongside Under Secretary Ken Juster and Assistant Secretary Jim Jochum in advancing BXA's important trade control mission. I will work hard to ensure that any violations of U.S. dual-use exports are detected, investigated, and sanctioned. Together with the special agents, intelligence analysts, and other key enforcement staff in BXA, I will dedicate my tenure in Washington to the protection of national security through enforcement of the export laws and regulations.

On a personal note, I want to thank my wife, Liana, and my children, Manuel Jose and Liana Sofia, who are in the audience today, for agreeing to come to Washington with me to serve in this Administration. I will take my responsibilities seriously but cannot succeed, and would not be here, without their love and support.

Let me conclude by thanking the Committee for its prompt consideration of my nomination and by reiterating my commitment to work closely and cooperatively with you.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: GARCIA MICHAEL JOHN
(Last) (First) (Other)
 Position to which Assistant Secretary of Commerce Date of
 nominated: for Export Enforcement nomination: _____
 Date of birth: 3 10 61 Place of birth: Brooklyn, New York
(Day) (Month) (Year)
 Marital Status: Married Full name of spouse: Liana M. Davila
 Name and ages
 of children: Manuel Jose, 2 yrs.
Liana Sofia, 6 mos.

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	Albany Law School	8/86-6/89	J.D.	6/89
	Union University			
	College of William and Mary	8/83-8/84	M.A.	8/84
	State University of NY at Binghamton	8/80-5/83	B.A.	5/83

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.
Attorney General's Award for Exceptional Service (1997)
Attorney General's Award for Exceptional Service (1994)
Trustee's Prize Albany Law School - Valedictorian Law School
J.D. Summa Cum Laude
B.A. with Academic Honors

Memberships:

List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

[illegible]

Employment record:

List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

SEE ATTACHED SHEET

**Government
experience:**

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

New York State Office of Mental Health - Counsel's Office -
Summer 1987

New York State Court of Appeals - Law Clerk - Hon. Judith S. Kaye -
1990 to 1992

United States Attorney's Office, Southern District of New York -
Assistant U.S. Attorney, 1992 to present

**Published
Writings:**

List the titles, publishers and dates of books, articles, reports or other published materials you have written.

None

**Political
Affiliations
and activities:**

List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None

Political

Contributions:

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

None

Qualifications:

State fully your qualifications to serve in the position to which you have been named.
(attach sheet)

SEE ATTACHED

Future employment
relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

No

3. Has anybody made you a commitment to a job after you leave government?

No

4. Do you expect to serve the full term for which you have been appointed?

Yes

Potential conflicts
of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

N/A

Civil, criminal and
investigatory
actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

Ahmad Ajaj v. United States, et al. (D. Colo.) 99-Z-1209

(suit by convicted World Trade Center bomber concerning
medical treatment in prison) - dismissed

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None

EMPLOYMENT HISTORY**1992 to Present****Assistant United States Attorney**

United States Attorney's Office
 Southern District of New York
 1 St. Andrew's Plaza
 New York, NY 10007

1990 to 1992**Law Clerk**

Hon. Judith S. Kaye
 New York State Court of Appeals
 230 Park Avenue, Suite 826
 New York, NY 10169

1989 to 1990**Associate Attorney**

Cahill Gordon & Reindel
 80 Pine Street
 New York, NY 10005

(Summer Associate 1988)

Summer 1987**Summer Intern**

Counsel's Office
 New York State Office of Mental Health
 44 Holland Avenue
 Albany, NY 12229

1985 to 1986**Editor**

Weekly Newspaper Group
 222 Sunrise Highway
 Rockville Centre, NY 11570

1985**Production Assistant**

American Institute of Physics
 500 Sunnyside Blvd.
 Woodbury, NY 11797

QUALIFICATIONS FOR THE POSITION OF
ASSISTANT SECRETARY OF COMMERCE FOR EXPORT ENFORCEMENT

I have been an Assistant United States Attorney in the Southern District of New York for the past nine years. For eight of those years, I have worked on various terrorism matters including the February 26, 1993 bombing of the World Trade Center in Manhattan and the recent trial of the defendants accused of bombing our embassies in Nairobi, Kenya and Dar es Salaam, Tanzania. This latter case was part of an investigation into a larger conspiracy headed by Usama Bin Laden.

Prosecuting these terrorism cases, in particular the case involving the followers of Usama Bin Laden, has meant practicing in an area where law, national security, and foreign policy intersect. In the course of investigating and prosecuting matters involving international terrorism, I have had extensive dealings with the intelligence community and the law enforcement community on matters with national security implications. Accordingly, I have become familiar with the methods of operation of the various agencies as well as the equities those agencies maintain in the effort to fight terrorism.

I have also had extensive experience working with representatives of foreign governments. In light of the obvious fact that there is no subpoena power over foreign witnesses or records, and in some cases no formal mechanism for obtaining such assistance, successful prosecution often involved working out such arrangements on a case-by-case basis with representatives of foreign governments. I have traveled to approximately twelve countries in the course of my work in this field. As a result of those efforts, witnesses from numerous countries, including the Philippines, Kenya, Tanzania, Japan, and Germany have traveled to the United

States, including witnesses from foreign businesses who had contact with defendants, law enforcement witnesses who conducted investigations overseas, and victims of acts of terrorism. My work also led to the extradition or rendition of terrorists from the Philippines, Jordan, Malaysia, and Pakistan.

It is my intention to bring the experience gained from investigating and prosecuting these cases involving international terrorism to the position of Assistant Secretary for Export Enforcement and to continue to work to safeguard national security in this new role.

**RESPONSE TO WRITTEN QUESTIONS OF SENATOR JACK REED
FROM LINDA MYSLIWY CONLIN**

As you may or may not know, the jewelry industry in the past was fairly large and competitive in the State of Rhode Island. Over the last couple of decades, competition from abroad, specifically Asia, has had a decimating effect on the industry as a whole.

Q.1. What do you think we can do to try to maintain the competitiveness of this industry in this country?

A.1. In March 1997, the Department of Commerce published "The U.S. Jewelry Industry: Federal Interagency Report on U.S. Jewelry Competitiveness Issues." The study found that many competitive issues facing the U.S. jewelry industry stem from broad economic trends over which neither the industry nor the Federal Government has much control.

While this conclusion remains valid today, this study also recommended a number of steps to improve the industry's competitiveness. One of these was to expand sales through increased exports, and Commerce has worked with the industry to do just that. The Commerce Department to date sponsored four U.S. Product Literature Centers to increase exports. In addition, the study recommended that industry members work through the Manufacturing Extension Partnership Centers to improve productivity. Since these Centers are linked to the Commerce Department's Technology Administration, I would be pleased to put interested industry representatives in touch with them. And if confirmed, I would also be pleased to work with the industry on a third recommendation by putting industry representatives in touch with the Small Business Administration to make sure they are aware of assistance programs run by that agency.

In addition, the study recommended actively pursuing a policy of opening foreign markets. The President's trade agenda includes negotiations on a Free Trade Area of the Americas, a new negotiating round in the WTO, and Free Trade Agreement talks with Chile and Singapore. If confirmed, I will look for ways to enhance the competitive opportunities for the jewelry industry in these negotiations as well. U.S. companies' exports of jewelry increased more than 150 percent in the past decade, and the NAFTA and WTO negotiations helped in this effort by reducing or eliminating their tariffs on U.S. jewelry.

Be assured that, if confirmed, I will work closely with the industry to help in implementing these and other recommendations of the 1997 study.

Q.2. What other ideas do you have to encourage these manufacturers to turn possibly to other industries that are perhaps more profitable at this point?

A.2. Some U.S. jewelry manufacturers have achieved success, despite intense foreign competition, by using their market knowledge to find specific niche markets, by adopting improved technologies, or by sourcing some especially labor-intensive products and components from lower-wage countries. An interagency study team visited a successful Rhode Island company that had used its manufacturing expertise to manufacture trophies and similar products. I believe our Manufacturing Extension Partnership Centers may also

be able to help jewelry firms diversify into other, possibly more profitable markets, and I would be pleased to put the jewelry manufacturers in touch with them.

Q.3. I have for some time trumpeted potential regulations that would mandate indelible country of origin labeling on jewelry products and jewelry boxes from abroad. What are your thoughts on this idea?

A.3. Many consumers prefer American-made products. Currently, U.S. Customs allows country of origin to be labeled with a gummed label or a hang tag, under certain circumstances. Some jewelry manufacturers indicate that some importers and retailers remove these tags illegally, making origin difficult for consumers to identify. Customs has stated that it will prosecute importers and retailers that illegally remove country of origin labels or tags, but that it needs industry's help to identify violators.

I recognize the concerns that the jewelry manufacturers have on this issue. However, as I understand it, indelible markings on jewelry products themselves frequently may be too small to be legible or impair the value of the products. Again, I understand your concerns on this issue and I will work with the jewelry industry to determine if there can be an effective solution to this problem.

Q.4. Do you think this is something we can do without it being cost prohibitive or being unfair to our foreign competitors?

A.4. As I have noted, indelible marking on some jewelry products can be difficult because of the small size and intrinsic value of the products. Cost can also be an important factor. Also, our trading partners may consider that such marking would represent an unfair trade restriction by potentially damaging the product, materially reducing its value, or unreasonably increasing the cost. Again, if confirmed, this is an area, which I will explore closely with the industry to see if there is an effective way to meet their concerns while addressing our international obligations.

I am also quite concerned about the state of our textile manufacturing industry in Rhode Island, which has sustained some heavy hits over the past two decades, similar to many other parts of the country.

Q.5. What are your thoughts regarding the state of the textile industry in the Nation as a whole?

A.5. There is no question that the textile industry is going through one of its more difficult periods. The textile industry has suffered significant losses in employment in recent years and, although some of these losses may be explained by productivity improvements, clearly imports and other economic factors have played an important role. As you know, the slowdown in the U.S. economy has also aggravated the situation.

A number of people in the industry have expressed their strong concerns about current conditions, and I take those concerns very seriously. I intend to examine carefully in what ways we can work with the industry to help improve the situation.

Q.6. Do you think that there are still ways that we can effectively protect this industry before it completely disappears, and without being overly protectionist?

A.6. Secretary Evans has indicated the strong priority he places on ensuring compliance with our trade agreements, and I intend to enforce these agreements with respect to textiles and apparel. Commerce chairs the interagency Committee for the Implementation of Textile Agreements (CITA), which enforces the provisions of the WTO Agreement on Textiles and Clothing (ATC), as well as our bilateral agreements with non-WTO countries. This enforcement includes the undertaking of safeguards actions in cases where there is a threat of serious damage to particular sectors of our industry, and strong action to curb illegal transshipment and attempts to circumvent U.S. quotas. In this regard, the United States has adopted a new transshipment policy which enables us to proscribe transshipping companies from exporting to the U.S. market and acts as an inducement to foreign governments to take stronger action against transshippers. The Administration is also working with U.S. industry to ensure that they achieve maximum benefit from the Trade and Development Act of 2000.

If confirmed, I will work to ensure these agreements are fully implemented and will press our trading partners to open up their markets to our textile and apparel products.

Q.7. Do you have any other recommendations for States like my own to deal with the decimation that this industry has experienced at the hand of cheap competitors from abroad?

A.7. The Administration has strong concerns about current conditions in the industry. The Commerce Department, through Trade Development's Office of Textiles and Apparel, has a multifaceted program in place designed to help the textile and the apparel industries remain viable and competitive. The Office administers the U.S. textile quotas, implements the textile provisions of both the NAFTA and the Trade and Development Act of 2000, administers textile and apparel research grants for the National Textile Center and The Textile/Clothing Technology Corporation, and has a special export program in place specifically designed to assist this industry.

The Department of Commerce is actively encouraging U.S. companies to take advantage of legislation, such as the Trade and Development Act of 2000, which encourages the use of U.S. textile components in apparel manufactured in beneficiary countries. This includes an active program of seminars and outreach to advise U.S. manufacturers on the provisions of the Act and how they can enter into effective commercial relationships with companies in the Caribbean Basin and in Africa.

In addition, the Commerce Department's Economic Development Administration maintains a Trade Adjustment Assistance program designed to help companies impacted by imports to obtain financing on favorable terms, and the Labor Department maintains a similar Trade Adjustment Assistance program to help displaced workers find new jobs.